



# AGRICULTURAL OUTLOOK

January-February 1988

Economic Research Service  
United States Department of Agriculture

**1988 Outlook**



# AGRICULTURAL OUTLOOK

January-February 1988/AO-138



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The next issue of Agricultural Outlook (AO-139) is scheduled for mailing on March 7, 1988. If you do not receive AO-139 by March 21, call the managing editor at (202) 786-1494 (be sure to have your mailing label handy). The full text and tables of AO-139 will also be available electronically; additional information on this is available at (202) 447-5505.

Contents of this report have been approved by the World Agricultural Outlook Board, and the summary was released December 18, 1987. Materials may be reprinted without permission. Agricultural Outlook is published monthly, except for January/February combined issue. Price and quantity forecasts for crops are based on the December 10 World Agricultural Supply and Demand Estimates.

# In Brief . . . News of 1988 Farm Income, Food Prices, Crop Supplies

The 1988 agricultural outlook is for smaller global crop supplies, larger supplies of animal products, and stronger demand. Adverse weather and reduced acreage have cut production of several crops in 1987/88. Demand for both crop and animal products will benefit from continued economic expansion and population growth. Crop prices will respond to tightening supplies, while expanded animal product supplies will pressure prices.

U.S. farmers will see higher crop prices and increased receipts from crops, but lower receipts from livestock and poultry. Farm income will continue to be supported by Government programs, while moderate inflation and continued relatively low planted acreage will dampen the increase in production expenses.

Cash farm income in 1988 is expected to be \$50-\$55 billion, down slightly from the 1987 record of \$57 billion. Farmers' debt burdens are lower, and their asset values are stabilizing. Cash expenses will increase moderately. Government support payments will total less than in 1987.

Because of lower meat and poultry prices, retail prices for food will climb more slowly in 1988—2 to 4 percent. Although the farm value of consumers' food purchases will be lower than in 1987, marketing costs will climb at about the same rate as general inflation.



Total beef production likely will decline 4 to 5 percent in 1988, slightly more than in 1987. Fed beef output is expected to remain large, as it has since 1982. Nonfed production will continue the sharp dropoff which began in 1986.

Supplies of competing meats will expand to boost total meat production to yet another record; the increase probably will be the sharpest since 1975/76. Large supplies of competing meats at lower prices than in 1987 will hold down retail price gains for the already more expensive beef.

Farrow-to-finish producers' net returns for 1988 likely will average near breakeven, as pork production increases sharply. The production rise probably will cause hog prices to average around \$40 per cwt. Feed costs are expected to rise modestly.

The egg and poultry industries may be in for lean times because of the big total meat supplies. Prices received by producers will be comparatively low, and depending on production costs, returns to many firms could be squeezed. The broiler industry is in a heavy expansion phase in response to 4 years of positive returns. Output in 1988 is projected to be about 5 percent higher.

With smaller world crop supplies and increased consumption, global trade in farm products is expanding and the U.S. share is rising. The value of U.S. farm exports in fiscal 1988 will be about \$4 billion above 1987's \$28 billion. It will be a big year for bulk commodity sales. Wheat and flour volume will probably be up some 25 percent, coarse grains up around 10 percent, and cotton up 12. Exports of high-value farm products are likely to get a further boost. High-value items constituted nearly half of export sales value in 1987.

The 1987/88 feed grain supply totaled 370.4 million metric tons, 2.4 percent less than the record set the year before. Corn production and acreage are down. The wheat crop is slightly larger because greater yields offset acreage reduction. Despite fewer acres planted to soybeans, 1987/88 production climbed because of better yields.

Cotton yields and production are recovering, demand is strong, and stocks are coming down. The early season outlook for U.S. cotton in 1988/89 points to disappearance and production about in balance, and ending stocks near the desired 4 million bales.





## Agricultural Economy

### U.S. AND WORLD OUTLOOK

*Remarks by James Donald, Chairman, World Agricultural Outlook Board, at the 1988 USDA Outlook Conference*

The 1988 agricultural outlook is for smaller global crop supplies, larger supplies of animal products, and stronger demand. Adverse weather and reduced acreage have cut production of several crops in 1987/88. Demand for both crop and animal products will benefit from continued economic expansion and population growth. Crop prices will respond to tightening supplies, while expanded animal product supplies will pressure prices.

U.S. farmers will see higher crop prices and increased receipts from crops, but lower receipts from livestock and poultry. Farm income will continue to be supported by Government programs, while moderate inflation and continued relatively low planted acreage will dampen the increase in production expenses.

Cash farm income in 1988 is expected to be in the range of \$50-55 billion, compared with the 1987 estimate of a record \$57 billion. Net farm income may come close to 1987's record \$45 billion, perhaps between \$40 and \$45 billion.

The outlook favors the food shopper as well as the farmer. Food supplies,

boosted by record meat and poultry production, should be generous. Large meat supplies, coupled with a moderate rise in inflation, will mean an increase of 2 to 4 percent in food prices in 1988. Food prices in 1987 were up about 4 percent from 1986, reflecting higher prices for beef, pork, and fish.

Global crop stocks will be worked down in 1987/88, with expanded consumption exceeding production. Stocks will decline for grains, soybeans, and cotton, with the tightest situation in prospect for rice.

In the United States, yields are up for most crops in 1987/88. However, crop output will slip further from 1986/87's reduced level because acreage devoted to conserving uses is the second highest ever. Crop prices will average slightly to substantially higher as stocks are worked down. Farm exports will rise in response to the growth in global demand, and the U.S. share of world trade will move up again with competitive U.S. prices in world markets.

### **Global Crop Production Falling 4 Percent**

Global crop output is projected to decline about 4 percent in 1987/88. The drop reflects a sharp contraction in U.S. acreage of feed grains and reduced wheat acreage and yields in several countries, including the Soviet Union, Australia, Canada, and China. Production of a few crops, including cotton and soybeans, will be larger in response to expanded acreage or improved yields in the United States and other countries.

Global feed grain production will be down 4 to 5 percent, primarily reflecting 15 percent lower harvested acreage in the United States. World wheat production will be down over 5 percent; lower prices have reduced acreage in Canada and Australia and adverse weather has cut the Soviet crop. Rice output will be down 5 percent, with drought-reduced yields in India, Thailand, and much of South and Southeast Asia.

World oilseed production is expected to be up 4 percent, primarily in response to bigger cottonseed output in the United States, larger rapeseed production in the European Community, and prospective larger soybean crops in South America.

The global cotton crop is up one-tenth because of expanded acreage in the United States and China and sharply higher U.S. yields.

World animal product output is expected to increase modestly in 1988, with expanded production of poultry and pork offsetting a drop in beef and veal. Poultry meat production is expected to be up about 4 percent, with output expanding in most countries. Pork output may be up 3 percent, with much larger production in China and the United States.

### **Global Economy Growing Slowly**

Global economic growth should benefit from increased net exports by the United States and several developing countries. But, growth rates in many countries will be held down by trade imbalances, budget deficits, high debt loads, and lack of capital investment. In addition, economic growth could be dampened by declines in the stock market and in consumer wealth and spending, although lower interest rates could stimulate spending in areas such as housing and automobiles.

Economic growth in developing countries, including several in Latin America, should show moderate improvement. The fastest expansion again will be in East Asia, where agricultural imports have been rising with increasing consumer demand, especially for meat.

The U.S. dollar continued to decline in 1987, some 10 to 15 percent against major European currencies and 15 to 20 percent against the Japanese yen. A lower dollar should result in larger U.S. exports, smaller imports, and expanded domestic investment. U.S. exports of soybeans and cotton to Europe and Japan should benefit the most.

### **U.S. Crop Exports To Rise**

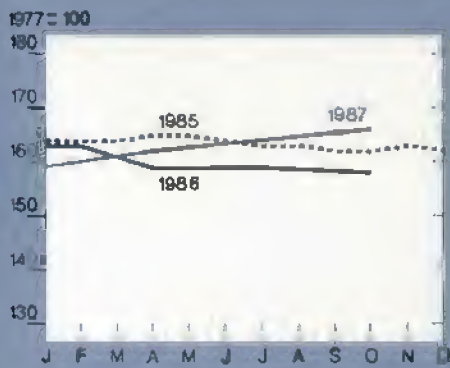
Global trade in rice and cotton will decline because of higher prices and lower supplies. The trade expansion in soybeans will be slight as other oilseeds capture part of the growth in protein meal use. A significant increase is projected in world wheat trade, with crop shortfalls and higher imports by the Soviet Union, China, Iran, and Morocco.

U.S. crop export volume for 1987/88 is expected to increase substantially, led by a 44-percent rise for wheat.

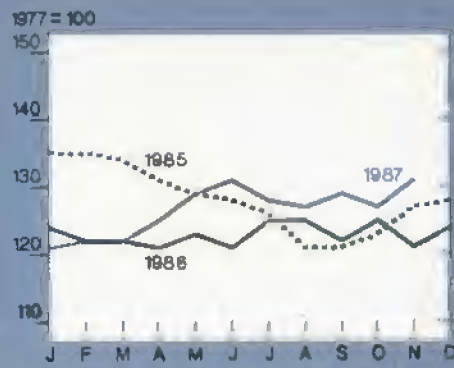


# Prime Indicators of the U.S. Agricultural Economy

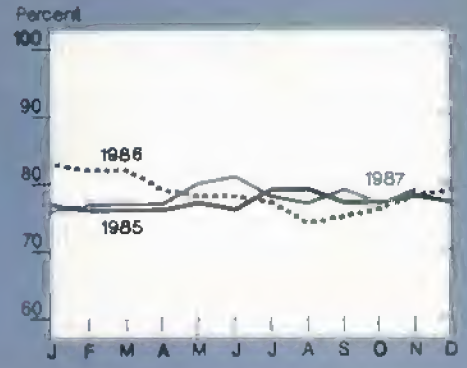
Index of prices paid by farmers<sup>1</sup>



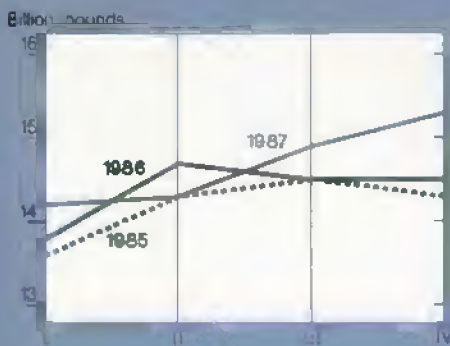
Index of prices received by farmers<sup>2</sup>



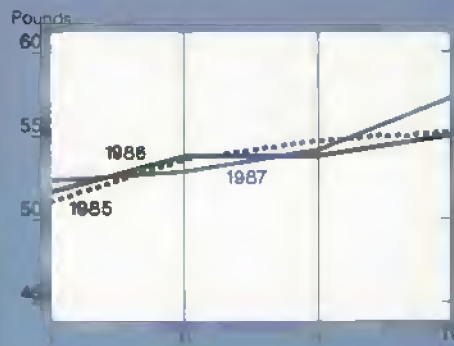
Ratio of prices received to prices paid



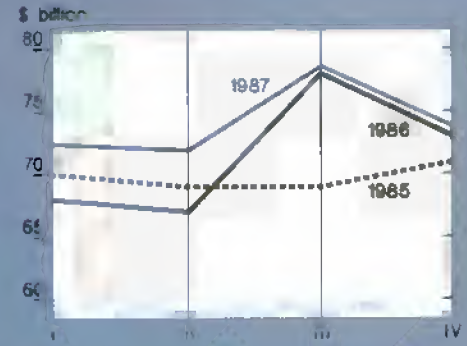
Red meat & poultry<sup>3</sup>  
production



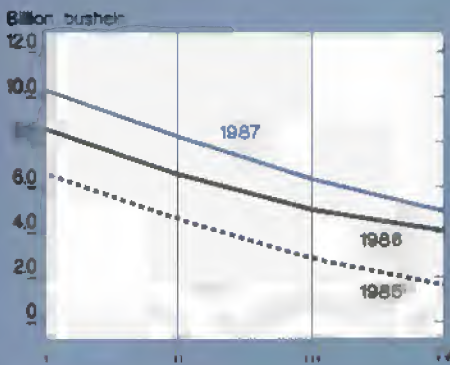
Red meat & poultry  
consumption, per capita<sup>3,4</sup>



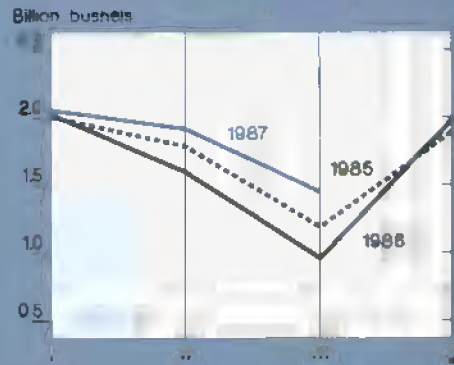
Cash receipts from  
livestock & products<sup>5</sup>



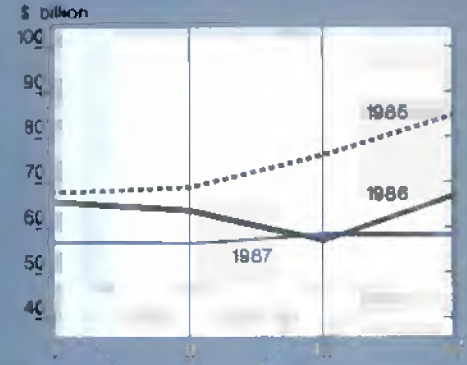
Corn beginning stocks<sup>6</sup>



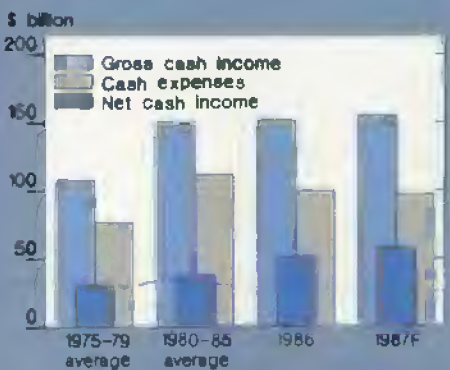
Corn disappearance<sup>7</sup>



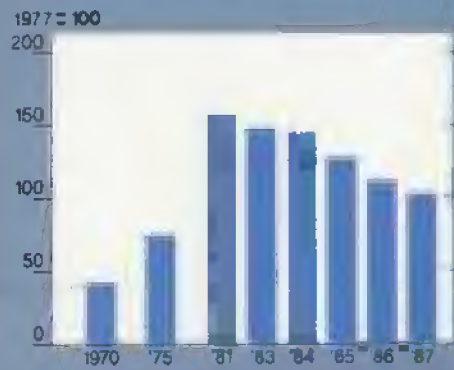
Cash receipts from crops<sup>8</sup>



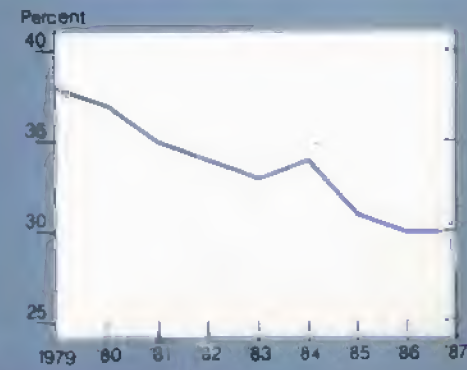
Farm net cash income



Farm real estate values



Farm value/retail food costs



<sup>1</sup>For commodities and services interest taxes and wages. Beginning in 1986, data are only available quarterly. <sup>2</sup>For all farm products.

<sup>3</sup>Calendar quarters. Future quarters are forecasts for livestock, corn, and cash receipts. <sup>4</sup>Retail weight. <sup>5</sup>Seasonally adjusted annual rate.

<sup>6</sup>I = Dec.-Feb., II = Mar.-May, III = June-Aug., IV = Sept.-Nov.

Soybean exports could increase slightly, even with larger U.S. production of other oilseeds and expanded soybean output in South America. Grain exports will benefit most from competitive U.S. prices and lower production of grains in some competing and importing countries.

Over the next several years, the crop outlook is for improved global demand and dampened production in other countries. U.S. exports are expected to benefit from the demand growth and competitive U.S. prices.

With smaller world supplies and larger consumption, global grain stocks will decline to below 340 million tons in 1987/88, more than one-tenth below record-high beginning stocks. Rice stocks are falling most sharply, but a significant further drop is expected in world cotton stocks as well.

U.S. stocks will be reduced in 1987/88, with prospective inventories of cotton and rice dropping to more manageable levels. Record feed grain stocks and large wheat stocks will be reduced considerably by the end of the season.

U.S. farm prices are responding to more use and the outlook for lower stocks. Price gains will range from modest for wheat to substantial for corn, after the sharply reduced 1986/87 price level.

Receipts in 1988 should slightly exceed the \$132 billion estimated for 1987, as higher crop receipts offset lower livestock receipts. Gross cash income could slip slightly from last year's \$155 billion, if direct Government payments are down.

Production expenses likely will remain at a reduced level in 1988. Cash expenses could be up slightly from about \$97 billion in 1987, as prices paid for feed, fuel, and fertilizer average higher.

Larger supplies of pork and poultry will dampen food price gains. Also, a moderate rate of inflation, 3.5 to 4 percent, will help hold down the increase in food prices.

#### **U.S. Will Sell More Grains To Developing Countries**

Agricultural imports by industrialized countries have declined sharply in the 1980's, after increasing in the 1970's; the European Community changed from a major importer to an exporter.

Imports by centrally planned economies also have dropped, after gaining sharply in the 1970's. China, now an exporter of corn and cotton, was a major importer several years ago. Eastern Europe's imports have dropped because of reduced credit availability, particularly in Poland.

In spite of numerous problems (especially debt), imports by developing countries have continued to grow, although more slowly than in the 1970's. The developing countries likely will continue to increase global grain imports and could be a source of expansion for U.S. agricultural exports.

The developing countries' grain imports have been increasing nearly 3-1/2 percent per year in the 1980's, and their share of global grain imports is rising. But the United States has not been able to take advantage of these rising imports. Instead, the U.S. has lost out to competitors, with its market share dropping from 59 percent in 1982/83 to 41 in 1985/86.

Even with share losses, the United States has become more dependent on developing countries for markets—over 58 percent of U.S. exports went to these countries in 1986/87, up from 36 percent in 1981/82.

For the coming year, with the improved competitive position of American grain, the U.S. share of the developing countries' grain market should increase to 51 percent. Developing countries will take over one-half of total U.S. wheat and feed grain exports.

There likely will be further improvement in the supply-demand situation over the next few years, based on:

- improved economic and financial conditions in developing countries,
- other countries' participation in bringing supplies into better balance with demand, and
- the elimination of some agricultural subsidies and trade barriers, to dampen production increases and stimulate consumption.

## **Cattle**

Total beef production likely will decline 4 to 5 percent in 1988, slightly more than in 1987. Fed beef output is expected to remain large, as it has since 1982. Nonfed production will continue the sharp dropoff which began in 1986.

Supplies of competing meats will expand to boost total meat production to yet another record; the increase probably will be the sharpest since 1975/76. Large supplies of competing meats at lower prices than in 1987 will hold down retail price gains for the already more expensive beef.

#### **Economic Uncertainty Increases for 1988**

Recent stock market declines and increased pressures on U.S. fiscal, monetary, and trade policy have raised uncertainty about economic growth and consumer spending in 1988. Consumer confidence likely has slipped, but lower interest rates, improvement in the trade balance, and progress in Government deficit reduction could stop the slide.

Beef prices in the summer of 1987 were the highest since mid-1982. Much of this gain will be maintained in 1988, but slower economic growth and the large supplies of lower priced competing meats do not indicate higher beef prices.

#### **Livestock Production Costs To Rise**

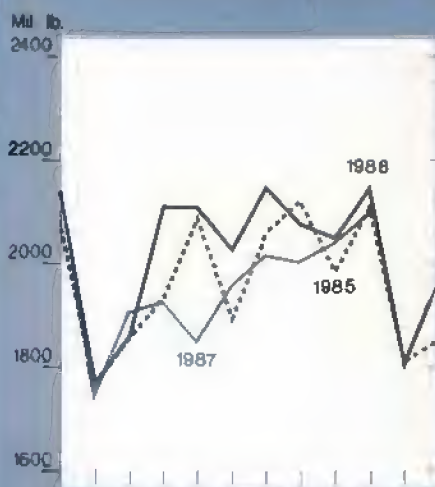
While production costs in 1988 are expected to remain below 1984-86, they probably will rise from the very favorable 1987 levels. Inflation is expected to continue the slow rise which began in 1987. The prime rate may stay in the 8- to 9-percent range reported in 1986-87. Feed costs have already risen above a year ago. Corn prices in mid-November were 13 percent above a year earlier.

Forage supplies remain large and animal numbers are down. But forage conditions deteriorated rapidly in the Southeast in early fall and remain poor in the Pacific Northwest. Pasture and range feed conditions on November 1 averaged 14 points below a year earlier; although only 3 below the 1976-85 average. Hay production in 1987 was estimated at 153.7 million tons, only 1 percent below the 1986 record.

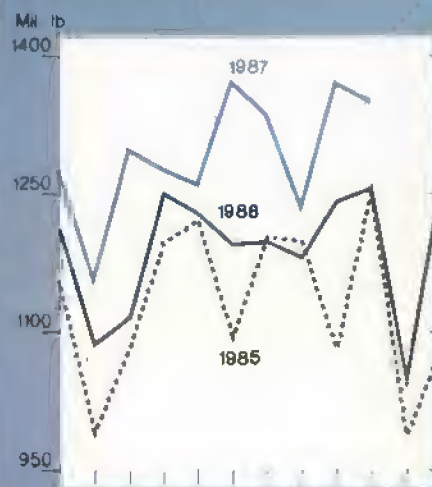


## Production of Livestock and Products

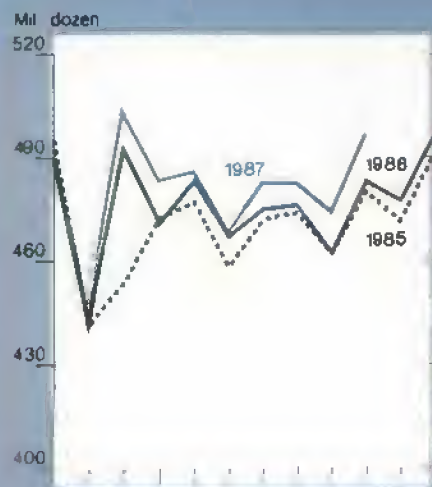
Commercial beef production



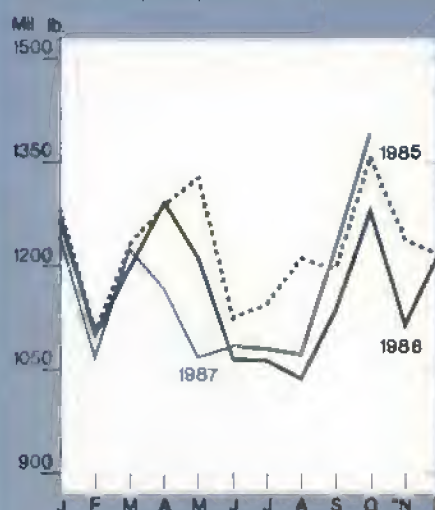
Broiler slaughter<sup>1</sup>



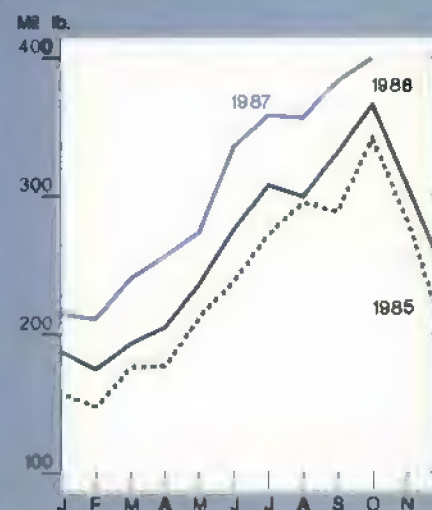
Egg production



Commercial pork production



Turkey slaughter<sup>1</sup>



Milk production



<sup>1</sup>Federally inspected slaughter, certified.

Both the January 1 and June 1 cattle inventories in 1987 indicated slight increases in beef cow numbers, signaling the end of the breeding herd liquidation. However, the cattle inventory is not likely to stabilize until later this year. The 1987 calf crop was estimated at 40.7 million head, about the same as 1986 and the smallest since 1961.

Large feedlot placements continue in spite of the small calf crop and the fact that feeder cattle supplies outside feedlots are the least since 1961. Calf slaughter through October was 18 percent—or 450,000 head—below a year earlier, and further declines are likely this year. Feeder cattle supplies in 1987/88 will be augmented by re-

duced calf slaughter, sharply reduced nonfed steer and heifer slaughter, and placement of cattle on feed at lighter weights.

Cattle on feed on October 1 in the 13 quarterly reporting States and on November 1 in the 7 monthly reporting States were 10 to 11 percent above a year earlier. Feedlots remain current, but fed cattle marketings will stay above a year earlier through spring if backups and even heavier slaughter weights, like those in 1985, are to be avoided. Feedlot marketings in second-half 1988 may decline modestly from the high 1987 levels, but will remain large.

Beef production in 1987 dropped about 3 percent, mainly from a 20-percent

fall in nonfed slaughter. Beef production may slip only 1 to 3 percent in first-half 1988, as fed cattle marketings remain above 1987 through mid-year. Second-half production may decline 6 to 7 percent as fed cattle marketings drop below a year earlier.

Slaughter cattle dressed weights have increased steadily since the spring lows, when cattle were bid out of feedlots ahead of schedule because red meat supplies, particularly pork, were lower than expected. Commercial slaughter weights averaged record high in 1987, and they may increase further in 1988 as the slaughter mix continues to shift toward fed beef.

Nonfed steer and heifer slaughter was 2.6 million head in 1986, near 2.1 million in 1987, and likely will decline to 1.0 to 1.4 million in 1988 as demand for feeder cattle remains strong. Fed cattle comprised 70 percent of the slaughter in 1986, may have risen to 74 percent in 1987, and perhaps will reach 76 in 1988.

#### **Beef Exports Up in 1987, Down in 1988**

Total U.S. beef exports rose about 21 percent to 630 million pounds in 1987. Most of the increase resulted from the Government's mandate under the Food Security Act of 1985 to export meat to lessen the effects of the Dairy Termination Program on domestic producers. Last year, 90,000 tons of beef were sold to Brazil, and smaller sales were made to Venezuela and Mexico.

Commercial shipments to Japan, the largest market, were up 9 percent. The continued strength of the yen and the recent increase in Japan's import commitment are responsible for the gain. Although exports to Japan are forecast to continue increasing in 1988, total U.S. beef exports for the year will decline with the completion of the shipments mandated under the Food Security Act.

U.S. imports of beef reached 1,851 million pounds during January-September 1987, up 14 percent over the same period in 1986. Imports from the major suppliers, Australia and New Zealand, were up 18 and 38 percent, respectively, to 820 and 559 million pounds. Imports from Canada were down 19 percent to 132 million pounds. U.S. beef and veal imports for the whole year likely were up 5 percent to 2,270 million pounds, and further gains are expected in 1988.

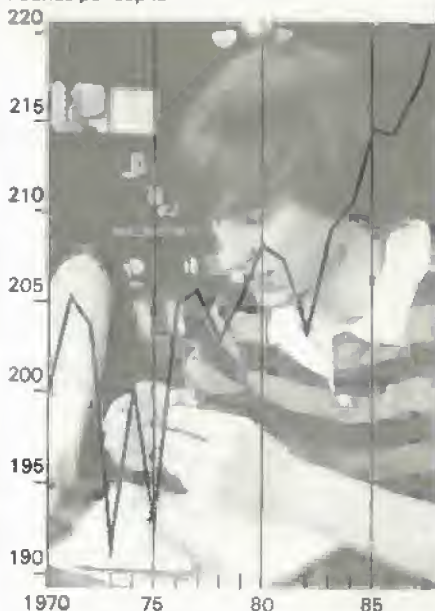
#### **Retail Prices About Steady**

Retail beef prices reached \$2.49 a pound in June, the highest monthly average price since July 1982. This peak occurred at a time of unexpectedly tight total meat supplies. As beef supplies began to increase during the summer months, retail prices moved lower. Prices for 1987 likely averaged around \$2.42.

In 1988, a sharp increase in pork production and a 5-percent gain in poultry production will pressure retail prices for all meats. Choice retail beef

#### **Red Meat & Poultry Consumption To Rise In 1988**

Pounds per capita



may average near \$2.44 per pound, only 2 cents above the 1987 average, but well above 1986's \$2.31.

Fed cattle prices are expected to remain in the low to middle \$60's in the first quarter of 1988. Modest price strength is probable going into the spring quarter, as seasonal declines in slaughter support prices in the middle to upper \$60's. Fed cattle marketings are expected to pick up slightly during the summer quarter, forcing prices back to the middle \$60's, where they likely will remain for the rest of the year. [Ron Gustafson (202) 786-1830]

#### **Hogs**

Farrow-to-finish producers' net returns for 1988 likely will average near breakeven, as pork production increases sharply. The production rise probably will cause hog prices to average around \$40 per cwt. Feed costs are expected to rise modestly.

Net returns to hog producers in 1987 were favorable because of higher hog prices and lower feed costs. However, returns dropped by yearend as sharply higher pork production depressed prices from the low \$60's per cwt to the low \$40's. Feed costs have increased a little but are still relatively low. Profitability will continue into first-quarter 1988.

As of September 1, hog producers in the 10 reporting States intended to increase moderately the number of sows farrowing over the following 6 months. The September-November intentions showed a 7-percent increase, the same as reported in June, despite the continued high profitability in hog production.

#### **1988 Production May Expand 9 Percent**

The September market hog inventory and farrowing intentions suggest that 1988 pork production may be up about 9 percent over 1987. The expansion in hog numbers is probably being moderated by expectations of declining returns, and possibly by producers' using recent profits to pay off debts and strengthen their financial positions. Recent ERS studies confirm that hog producers reduced their debts in 1986. Debt reduction probably continued in 1987.

Corn prices averaged \$1.50 a bushel for 1986/87 and are expected to average \$1.60 to \$1.90 in 1987/88. Soybean meal averaged about \$163 a ton in 1986/87 and will move to \$175 to \$205 in 1987/88. The corn price rise will add about \$1.50 per cwt to the cost of pork production.

As of September 1, producers indicated intentions to have 2.31 million sows farrow during September-November 1987. Intentions for December 1987-February 1988 were 8 percent above a year earlier and 13 percent above 1985/86.

Because of years of low or negative returns, financial stress, and tighter lending standards, a moderate production increase is more likely than the double-digit increases experienced in previous hog cycles. With debt capital more difficult to obtain, producers may finance the expansion themselves.

Commercial pork production in 1988 is expected to total about 15,650 million pounds. Production in 1987 likely came to 14,325 million pounds, up 2 percent from 1986. Commercial slaughter in 1988 is expected to reach about 89 million head, up 10 percent from the projected 81.25 million in 1987. Slaughter in 1987 was up 2 percent from 1986.

#### **First-Quarter Slaughter Likely Above Average**

The June-August pig crop and the September 1 inventory of market hogs



weighing under 60 pounds are indicators of first-quarter slaughter. As a percentage of the pig crop and market hog inventory, first-quarter slaughter is expected to be higher in 1988 than the 5-year average, as it was also in 1987. Hog prices are likely to be down sharply from summer 1987 and moderately from fall 1987.

Commercial slaughter in the first quarter is expected to be 8 to 10 percent over the same period a year earlier. The average dressed weight may be a little lighter than 1987's 178 pounds. Higher corn prices and price discounts on heavier hogs probably will encourage producers to market hogs at somewhat lighter weights than in 1987. Commercial production for the quarter is projected at 3,850 million pounds, up 9 percent from 1987.

In the second quarter, production is forecast at 3,825 million pounds, up 15 percent from 1987. Based on producers' September 1 farrowing intentions and a continued rise in pigs per litter, the September-November pig crop likely was up nearly 8 percent. In 1987, second-quarter commercial slaughter as a percentage of the pig crop was 113, compared with the 5-year average of 119.

In 1988, second-quarter commercial slaughter is expected to be about 120 percent of the estimated pig crop. Commercial slaughter for the quarter is expected to be 14 to 16 percent above 1987. The average dressed weight probably will be about the same as in 1987, at 177 pounds.

Third-quarter 1988 slaughter is projected at about 22 million head, up 13 percent from 1987. The slaughter as a percentage of the estimated pig crop will about equal the 5-year average. In 1987, third-quarter slaughter was 128 percent of the December 1986-February 1987 pig crop. The average weight will be about the same as 1987's 174 pounds. Thus, commercial production is expected to total 3,825 million pounds in the third quarter, up 13 percent from 1987.

Producers likely continued making a profit through the breeding season that leads to March-May 1988 farrowings. Consequently, the spring pig crop is projected to be up about 7 percent. Slaughter in fourth-quarter 1987 as a percentage of the March-May 1987 pig crop was high compared with previous years. In 1988, the per-

centage should be about normal. Thus, fourth-quarter commercial slaughter is expected to be 1 to 3 percent higher than in 1987. Commercial pork production for the fourth quarter may total 4,150 million pounds.

### **Cold Storage Stocks May Return to Normal**

Stocks of pork in cold storage approached record lows in 1987. Expectations of increasing pork production and large discounts in deferred futures prices offered little incentive to accumulate inventory in the first half of the year. When actual production fell short of expectations, the already reduced stocks were depleted.

Pork production has moved back in line with expectations, judging from the *Hogs and Pigs* reports, and lower cash prices are an incentive to move pork into storage. In the belly market, the premium of deferred futures prices over cash is moving bellies into storage. Additionally, there may be a natural tendency to replenish inventories after the excessive drawdowns of 1987. Cold storage stocks may return to more normal levels in 1988.

### **Hog Prices To Decline Substantially**

Hog prices averaged in the low \$50's during 1986 and 1987, but are expected to decline substantially in 1988 from 1987. While beef supplies will be lower, they are likely to be offset by larger poultry supplies.

Coinciding with an abrupt increase in slaughter, hog prices dropped in September and October. Third-quarter prices averaged \$59 at the 7 markets, down 3.5 percent from a year earlier and the first year-to-year decline since first-quarter 1986. The market continued to move lower in October, averaging \$49, as weekly kills climbed to 3-year highs and market weights increased. By early November, prices were in the low \$40's per cwt.

Barrow and gilt prices likely averaged \$43 to \$44 in the fourth quarter. The drop of 20 to 25 percent from the third quarter was the largest seasonal decline since 1976, which was also a year of expansion in the hog industry.

Ham prices were pressured by record large turkey and pork supplies. Despite exceptionally low cold storage stocks, per capita ham supplies in the fourth quarter likely were 6 percent

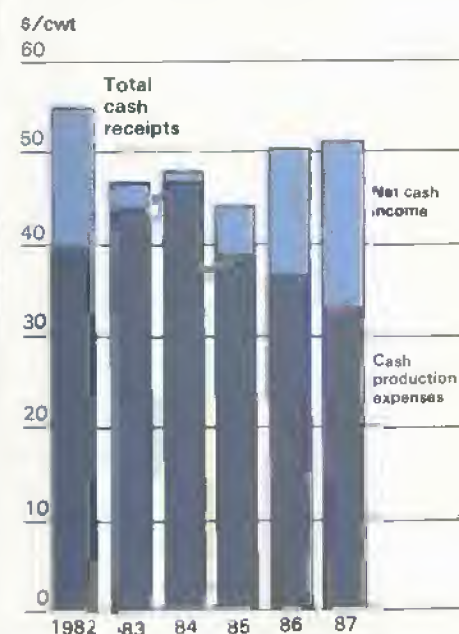
higher than a year before and 17 percent higher than third quarter. Seasonal strength in ham prices was dampened, exerting downward pressure on hog prices. However, ham prices in early December rose sharply, exceeding 1986.

In first-quarter 1988, hog prices are expected to average in the low \$40's per cwt. Per capita pork supplies, which typically decline from fourth to first quarter, are expected to remain steady at about 18 pounds, and this may limit seasonal price advances. Compared with a year ago, pork supplies are likely to be up 8 percent in the first quarter, while combined supplies of beef and poultry are projected to show an increase of nearly 2 percent.

Weekly slaughter rates are expected to increase about 100,000 head from February to April, peaking near 1.75 million. Accordingly, barrow and gilt prices may decline, possibly falling into the high \$30's as spring lows are established. Per capita pork supplies in the second quarter could be up nearly 13 percent from a year earlier, with supplies of competing meats up about 2 percent. Some price recovery is anticipated and prices may average \$37 to \$43 for the quarter.

In the second half, the average price of barrows and gilts is expected to be near the second quarter. Prices may come off their summer highs earlier in

**Net Cash Income Rose Last Year for Farrow-to-Finish Operators**



the third quarter than they did in 1987, since both cold storage stocks and hog slaughter could be substantially higher. Price declines in the final quarter may again push values into the \$30's, but prices should still average near \$40 per cwt.

For the year ahead, feeder pig prices are likely to be lower than in 1987. The optimism which characterized the market throughout last year is likely to diminish. With lower hog prices and steady to higher feed costs, finishing operations are expected to bid lower for the increased supply of feeder pigs.

#### **Retail Prices To Drop 9-11 Percent in 1988**

Retail pork prices in third-quarter 1987 averaged \$1.96 a pound, up 4 percent from a year earlier. The average was a quarterly record. Prices likely dropped to around \$1.90 a pound in the fourth quarter. There was only a small increase in per capita consumption on a year-over-year basis.

For all of 1987, retail prices averaged about \$1.88 a pound. In 1988, prices are expected to average 9 to 11 percent lower than in 1987, as pork and poultry production continues to rise.

#### **Imports Up for Pork, Down for Hogs**

U.S. live hog imports from Canada, at 327,728 head during January-September 1987, were down 22 percent from the same period a year earlier. Countervailing duties have decreased hog imports from Canada. At the same time, U.S. imports of Canadian pork, at 412 million pounds, were up 13 percent. On a carcass-weight basis, total imports of pork and hogs from Canada increased 8 percent during January-September.

Live hog imports from Canada would have declined further in the first half of the year except for the favorable price spread between U.S. and Canadian hogs. As U.S. hog prices decreased with increasing production, imports probably slowed further. Hog imports for both 1987 and 1988 are estimated at 350,000 to 400,000 head.

Total U.S. pork imports during January-September, at 885 million pounds carcass-weight equivalent, were up 10 percent, mainly because of increased purchases from Canada and

Eastern Europe. Imports from Denmark, the United States' second largest supplier after Canada, were down 2 percent. Total U.S. pork imports in 1988 could increase slightly from the 1.2 billion pounds likely in 1987. However, larger U.S. supplies and lower pork prices may dampen the rise.

#### **Pork Exports May Keep Rising**

U.S. pork exports rose 16 percent to 67 million pounds during January-September. About half of these were destined for Japan, whose purchases were 31 percent over 1986. The dollar's fall vis-a-vis the yen has made U.S. pork attractive in the Japanese market. Total U.S. pork exports likely reached 100 million pounds in 1987, and are forecast to continue to expand in 1988.

World pork output likely declined slightly in 1987, mainly because of a drop in China. Foreign production excluding China probably increased 2 percent. In 1988, China's output should recover, along with increased production in the United States and Canada. Thus, world pork production could increase 2 to 3 percent. Nevertheless, not much gain is foreseen in 1988 for the rest of the world, as downward pressure on prices from large meat supplies possibly compels producers to pull back inventories. (Leland Southard (202) 786-1830)

#### **Sheep & Lambs**

Commercial lamb and mutton production in 1987 may have been down 8 percent from 1986. It is expected to increase 6 to 8 percent to around 330 million pounds in 1988. First-quarter output may rise about 12 percent. This large increase is partly a quirk due to the spring religious holidays' falling in early April, as compared with late April in 1987. Production in the remainder of 1988 may increase 4 to 7 percent over 1987.

Sheep and lamb producers had positive returns again in 1987. Total cash costs per cwt of lambs sold were estimated in the low to middle \$60's, while slaughter lamb prices averaged in the high \$70's. In addition, producers receive payments for cull ewes and wool, and for wool price supports.

Good returns resulted in stable sheep numbers during 1987. Cumulative mature sheep slaughter declined 15 percent year-over-year through October 1987. This indicates that the

sheep industry is expanding and that sheep and ewe lamb numbers were likely up this January 1, leading to production increases for 1988.

Slaughter lamb prices at San Angelo have been dropping steadily since the May 1987 peak of \$94.50 per cwt. Prices reached about \$66 in October, with third-quarter 1987 prices averaging about \$72.90. This is a normal seasonal pattern, but the decline may have been greater last fall because of the larger spring price runup.

Slaughter lamb prices at San Angelo are expected to average \$74 to \$80 in the first quarter of 1988, and \$75 to \$81 in the second quarter. Prices are expected to remain strong relative to a year earlier because of earlier holidays. However, prices in the spring quarter are likely to average \$10 to \$14 below a year earlier. For the year, 1988 slaughter lamb prices may average \$70 to \$76, compared with \$78 to \$79 in 1987. (Ron Gustafson (202) 786-1830)

#### **Poultry & Eggs**

The egg and poultry industries may be in for lean times, because it seems likely that total meat supplies will continue large for quite some time. Prices received by producers will be comparatively low, and depending on production costs, returns to many firms could be squeezed.

#### **Egg Outlook Bleak**

Since 1980, annual production of table-type eggs has hovered around 5.1-5.2 billion dozen. Little change in table eggs is expected in 1988, but the sale of some hatching eggs into processing and table markets will again add to total egg supplies.

Although returns to producers during 1987 were mixed, they averaged close to breakeven for the year. Even though egg prices have been weak since last spring, the industry shows no inclination to curtail production. Overall, flock size and the replacement pullet total have changed little; forced molting is high, and slaughter of hatchery hens in 1987 was below 1986.

Egg prices in 1988 are projected to average 59 to 65 cents a dozen, compared with 62 cents in 1987 for carton-large white eggs in New York City. Production costs likely will be a



little higher than 1987's 62-cents-per dozen average. Hence, the outlook for the industry is not bright.

The egg industry can expand production fairly quickly when prices rise. Producers operating below capacity can increase output rapidly by keeping older hens longer through forced molting.

The fourth quarter is crucial for egg producers. Because of stepped-up holiday demand, prices tend to average highest in November and December. If strong prices fail to materialize then, the industry must be content with rather flat prices for the next 9 months.

Growth in the broiler industry is adding to table egg supplies. As a result of expanding demand for broiler meat, more hatching eggs are being produced. Although most of these eggs go into incubators, those that do not meet hatching quality standards, but are wholesome, are sold to processing and table egg markets. In 1987, this volume was about 75 million dozen, compared with approximately 50 million dozen in 1984.

Americans are reducing their consumption of eggs, pulling down egg prices. A recent report by a Government-sponsored panel of health specialists recommends that doctors monitor their adult patients' cholesterol level and prescribe corrective diets for risk cases. If doctors heed this report, there is no doubt it will hurt demand for high-cholesterol foods, contributing further to the long-run decline in egg consumption.

The older segment of the adult population (that is, 50-plus) is the greatest consumer of eggs. These people were brought up by parents who often ate eggs for breakfast. The "baby boomers" consume fewer eggs, probably as a matter of preference. Therefore, egg consumption is expected to decline in the future.

Today, roughly 1,800 producers own flocks of more than 10,000 layers, compared with approximately 6,000 commercial owners a decade ago. Production will tend toward greater concentration, with fewer and larger firms, as financially stronger companies buy inefficient and financially hard-pressed operations. Over the next several years, the most efficient and innovative firms probably will continue to make modest profits.

### **Broilers Keep Expanding**

The broiler industry is in a heavy expansion phase in response to 4 years of positive returns. Output in 1988 is projected to be about 5 percent higher than last year, following 1987's 8-percent increase. Returns to processors in 1987 on sales of whole birds averaged about 5 cents per pound above breakeven, compared with the phenomenal return of 13 cents in 1986.

The broiler hatchery supply flock for early 1988 is nearly a tenth greater than for early 1987. The bigger flock and the industry's healthy financial situation underlie expectations of moderate to strong output again in 1988. Since prices have dropped substantially from weather- and demand-driven markets in 1986, the industry perhaps will proceed in a more cautious manner during 1988.

Wholesale prices of whole chill-packed birds at the 12 cities averaged 48 cents per pound in 1987, down from 57 in 1986. But, more importantly, prices in the fourth quarter weakened to the low to middle 40-cent range, under pressure from greater supplies of competing meats. Prices are approaching the industry's average breakeven costs.

The low prices are a clear signal to industry decisionmakers that markets are becoming saturated; lower prices will be necessary to keep products moving into consumption. Projections place the average price of broilers at 40-46 cents per pound for 1988.

U.S. exports of broiler meat for 1987 are estimated at 775 million pounds, up sharply from the 566 million shipped in 1986 and above the previous peak of 719 million in 1981. Most of the increase was due to the Export Enhancement Program for whole broilers and leg quarters for delivery to Egypt, Iraq, the Canary Islands, and the Dominican Republic. Sales to Japan were up last year and probably will remain strong in 1988.

The 1988 outlook is for a slight increase in exports, to approximately 800 million pounds. In addition to gain in commercial sales, EEP sales are expected to countries in Africa and the Near, Middle, and Far East.

Low production costs have been a major factor behind the consistent growth in broiler output since 1984. Last year's production cost, estimated at 43

cents per pound for whole birds, was the lowest in several years. As broiler prices weakened in 1987 the industry's production costs continued to edge downward.

The 1988 outlook is for somewhat higher feed ingredient prices. Also, the minimum wage may increase. For all of 1988, the industry should about break even.

### **Turkey Supplies Pushing Prices Down**

Turkey output during 1988 is projected to increase about 6 percent, moderate compared with the 17-percent rise during 1987. Slow expansion is expected; returns were negative in 1987. Returns to the industry were positive during 1984-86 and resulted in dramatic increases in output during 1985-87.

Although returns during the first half of 1987 were close to breakeven, production during the first half of 1988 will be greater than the corresponding period of 1987. Poults placed in September-November for slaughter in January-March 1988 totaled 19 percent above a year earlier. Hence, the projection is for about 15 percent more production in January-June 1988 than a year earlier.

Historical data suggest that when the industry loses money during the last half of the year, it generally responds by holding down output during the last half of the following year. Estimated losses for the last half of 1987 were around 2-3 cents per pound. Therefore, output during July-December 1988 should be at the more moderate pace of second-half 1987.

But, a note of caution: In years prior to 1984 when returns were positive, the industry did not expand as greatly as it did in 1985-87. In the earlier years, there were more independent growers than at present. Since then the industry has been moving toward more vertical integration.

Given this situation, decisionmaking for the industry now may be less conservative than in the past. Changes in production may occur more rapidly. Except for November and December, when markets turned stronger, the price performance for turkey was fairly level in 1987. Overall, it was a disappointing year for producers. The 17-percent increase in output overwhelmed the market.

Turkey prices likely will continue relatively low in 1988. A sizable volume of cold storage holdings in January will compound the large production and keep prices low in January-June.

If production in July-December 1988 is close to expectations, prices will average somewhat above those of the corresponding period of 1987. Returns to the turkey industry will average negative for 1988 if (1) production costs edge upward, mostly due to higher feed prices, and (2) product prices continue low in response to greater supplies of turkey and competing meats.

If there is a bright side to the turkey outlook, it is the possibility of some modest positive returns to the industry in fourth-quarter 1988. [Jack S. Ross (202) 447-7693]

## Dairy

A confusing year for the dairy industry has ended. The Dairy Termination Program (DTP) clouded the interpretation of 1987 milk production patterns. Price relationships were unusual and growth in commercial use was erratic. The extraordinary uncertainty of 1987 should diminish in 1988, though, as the dairy industry adjusts to life after the DTP.

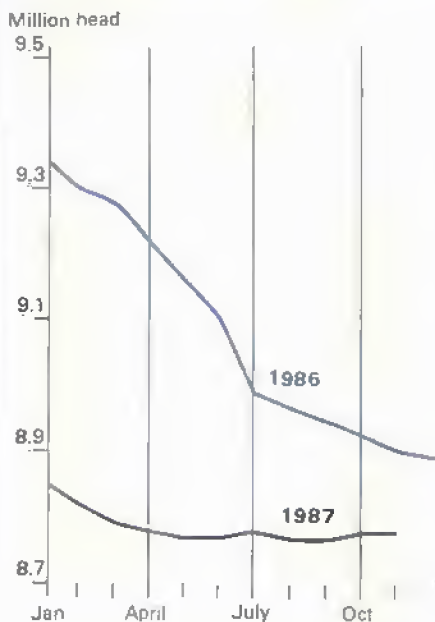
### Output for 1988 Mixed

Even so, the 1988 outlook is mixed. A possible January 1 reduction in the support price may be the most important factor. If the support price was not reduced, milk-feed price relationships probably will be similar to those in 1987. Another very strong gain in output per cow would be indicated, while cow numbers might hold steady or edge upward. On the other hand, a 50-cent reduction in the support price probably would lead to less of a rise in milk per cow and possibly to some lessening in cow numbers.

If the January 1 reduction was not made, 1988's average price may be similar to the 1987 effective price. A 50-cent reduction probably would leave 1988 prices well below 1987's and the lowest since 1978.

Slaughter cow prices likely will stay well above most recent years and may stimulate some marginal culling. The replacement heifer herd remains ample, if not quite as large as in some years. Farm and off-farm alternatives both are more attractive to farmers than during the early 1980's.

### Milk Cow Numbers Are Down...



### ...And Production Per Cow Is Up



Data from 21 States.

At the start of 1987, almost a fifth of the dairy farms had serious financial difficulties. However, dairy farmers generally were in better financial condition than at the start of 1986—even though 1986 returns over concentrate costs were the lowest since 1979. Producers were quite successful at lowering nonfeed cash costs. With 1987's higher returns over concentrate costs, dairy farmers may have improved their position further.

Nevertheless, milk production will increase again in 1988. It is unlikely that prices have been reduced enough to blunt the forces which have caused a 15-percent-plus expansion since 1979. The 1988 rise is expected to be 1-3 percent, and milk volume probably will set a new record.

Milk production in 1987 totaled about 1 percent less than 1986's 144.1 billion pounds, only the third annual decline since 1975. Production declines, both last year and in 1984, were caused by Government programs that paid producers to curb output.

Milk production was sharply below a year earlier during the first half of 1987. The DTP had dropped cow numbers far below the high levels of a year earlier. Output during the second half, however, ran above the DTP-depressed production of 1986.

Milk per cow posted strong gains throughout 1987 in response to record milk-feed price ratios and heavier concentrate feeding. Productivity was up almost 3 percent, well above the long-run trend.

Milk cow numbers declined every month between January 1986 and May 1987, primarily because of the DTP. Since then, numbers have been steady. Non-DTP producers apparently expanded rapidly in mid-1986, but held about steady or grew just slightly in 1987. The size of the 1987 average cow herd probably fell almost 4 percent from 1986.

The 1987 average feed concentrate price was around \$6.75 per cwt, down about 3 percent from 1986. The price of ingredients will probably rise in 1988, but most of the increase may be absorbed by narrowing 1987's wide spread between ingredient prices and the value of the feed.

Average farm milk prices, after adjustment for support-program deductions, rose slightly in 1987, while feed costs were down a little. The effective milk-feed price ratio probably nosed out 1982's 1.83 for a record. Returns over concentrate costs averaged close to 1984 and 1985, up about 3 percent from 1986.

Prices in dairy markets were in turmoil during most of 1987. Wholesale prices of dairy products were close to support purchase prices in early 1987, but farm milk prices were declining from the late-1986 seasonal peak. Supported in part by relatively tight



commercial stocks, milk prices were buoyant throughout the first half of 1987.

A fairly strong seasonal price rise during June-August was cut short in late September by counterseasonal drops in wholesale prices. The price declines were precipitated by a surge in milk per cow and an easing of wholesale buying activity.

The 1987 average milk price was likely close to 1986's \$12.51 per cwt. The effective milk price was slightly higher than a year before because of 1987's smaller average support-program deduction.

Commercial stocks of dairy products were fairly low throughout 1987. Unlike 1986, however, these holdings were adequate for market needs. Yearend commercial stocks probably were low in anticipation of the support price reduction.

#### Government Supplies Will Be Smaller

Government stocks dropped in 1987. Purchases fell sharply while donation use stayed high. By yearend, Government stocks were the smallest since 1979. This drawdown means that Government supplies in 1988 will be smaller than the donation use of recent years.

Commercial use in 1987 continued to be driven by falling real retail prices, economic growth, and heavy promotion. However, the growth rate may be slackening. After a strong first half, commercial disappearance became a little ragged. Second-half expansion was more modest, but total 1987 commercial use probably rose 2 percent. During the last 10 years, commercial use has grown 20 billion pounds, two-thirds of the growth occurring in the last 5 years.

Increases in commercial use in 1987 relied on very strong disappearance of butter and cheese. Sales of fluid milk and other products did not maintain the pace of the preceding 3 years.

This qualitative change was the first sign of a possible faltering of the broad, sustained growth in commercial use since 1983. The 3-year-old boost in promotion efforts may be losing the ability to accelerate expansion further. With continued favorable retail dairy prices, commercial use probably will rise 1-3 percent in 1988.

Government purchases in 1987 likely totaled about 6 billion pounds, a little more than half of 1986 and the smallest since 1979. Purchases of butter, cheese, and nonfat dry milk were all down sharply.

World milk production in 1987 was down about 1 percent, because of policy programs in the EC and the United States and drought in India and New Zealand. The EC continues to reduce milk production quotas as a part of a program to reduce its massive intervention stocks. A slight increase in world milk production is expected in 1988, as the long-run uptrend reasserts itself. [James Miller (202) 786-1830]

#### Feed Grains

The 1987/88 feed grain supply totaled 370.4 million metric tons, 2.4 percent less than the record 379.5 million tons the year before. Carryin stocks were a record 152 million tons, up 26 million (21 percent) from 1986/87. However, production, at 217 million tons, was 35 million (13 percent) less than the 1986/87 harvest.

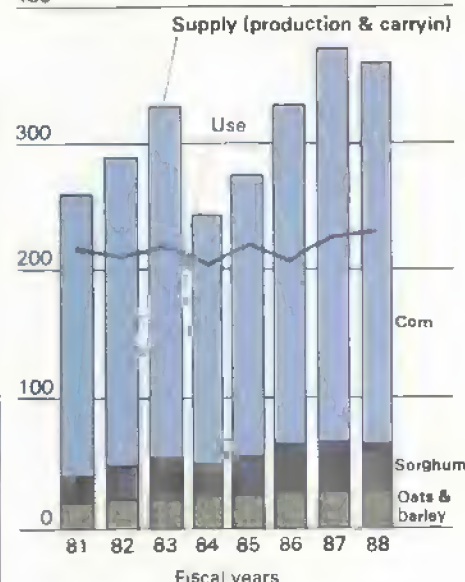
Corn is almost 83 percent of the feed grain supply. At a little under 12.1 billion bushels, it is down 2 percent from the record 12.3 billion bushels available in 1986/87. Corn carryin stocks were a record 4.9 billion bushels, or 41 percent of the supply; the increase was the third in a row.

This year's corn crop yielded slightly less than 7.2 billion bushels, down about 13 percent from 1986/87. The large drop in production resulted from the combination of a record 88-percent participation in the feed grain program, a 20-percent required acreage reduction, a 15-percent optional paid land diversion provision, and fewer acres planted on nonparticipating farms. Yield was a record 120.3 bushels per acre.

Demand for corn to process into food and industrial products (FSI use) has grown steadily over the past 10 years. Two products, high fructose corn syrup and ethanol, pushed FSI use up nearly 13 percent a year during the first half of the 1980's. In the last couple of years, the growth rate has decreased, and it is now about the same as that of the general economy. FSI disappearance is forecast at 1.225 million bushels for 1987/88, an increase of 34 million (2.9 percent) from last year.

#### Feed Grain Supply Is Up and Use Is Down

Million metric tons  
400



#### U.S. Corn Exports Rising

U.S. corn exports, which were 1.5 billion bushels in 1986/87, are forecast to reach 1.7 billion in 1987/88. Foreign coarse grain production is forecast to be down about .5 million metric tons, but use is expected to rise about 14.8 million. Thus, world trade probably will be somewhat greater, and many foreign countries will reduce their stocks.

Foreign corn production is expected to be down marginally, despite a 9-million-ton increase (to record levels) in China. Production is expected to be down in a number of countries, including some competing exporters.

Eastern Europe's corn production is forecast to drop 8.6 million tons, switching the region from a net exporter to a net importer of around 2 million tons. Thailand's harvest is down 34 percent from last year's drought-reduced crop, so its exports may drop to only 1 million tons. Thailand exported 2.5 million tons of corn in 1986/87 and almost 3.4 million in 1983/84 and 1985/86.

Argentina is expected to switch area from corn to soybeans this year because of improved returns from soybean production. With more normal yields, though, Argentina could still see a moderate increase in corn production and exports. However, exports will remain well below 1985/86.

South Africa has announced a policy to discourage production for export.

China is expecting a record corn crop. Nevertheless, the Chinese are expected to export only about the same as last year's 3.8 million tons, while increasing imports. In 1985/86, China was a net exporter of 6 million tons, but it reduced net exports to 3.8 million in 1986/87; a similar figure is expected for 1987/88.

#### **Feed Use To Expand**

U.S. feed and residual use of corn in 1987/88 is forecast at 4.8 billion bushels, up about 2 percent from the year before. Grain consuming animal units for 1987/88 are expected to total 77.4 million, up a little over 3 percent from 1986/87. Last year, corn for feed plus residual disappearance rose by 15 percent, even though the number of grain consuming animal units declined slightly.

Feeding cattle to heavier weights and increasing milk production per cow can raise feed use even though the number of animal units remains unchanged or decreases slightly. However, given the record-large increase in feed and residual disappearance last season, it appears that the unexplained residual may have been the source of a significant amount of the increase.

Totaling the three sources of use—FSI at 1.2 billion, exports of 1.7 billion, and feed and residual at 4.8 billion—gives a record 1987/88 disappearance of 7.7 billion bushels. The question is, at what average farm price will this quantity of corn move into the market?

Historically the loan rate was a floor for farm prices, and when the stocks-to-use ratio was about 19 percent or higher, the average price received by farmers would be close to the loan rate. Most years in which the average farm price was high relative to the loan rate were years of tight supply because of drought or some other factor, and the ending stocks-to-use ratio would be well under 19 percent.

However, with the Food Security Act of 1985 and the use of generic certificates, the loan rate is no longer necessarily a price floor. In 1986/87, the price received by farmers was \$1.50 a bushel (the loan rate was \$1.92). For 1987/88, the average price is expected in the range of \$1.60-\$1.90 a bushel, compared with a loan rate of \$1.82.

A price increase is forecast, even though there is almost as much corn on hand as in 1986/87, because:

- farmers are bullish on prices now and are not as anxious to sell as they were last year, and
- "free" supply of corn is tighter now than it was last year (free supply is not tied up in CCC inventory, the Farmer-Owned Reserve, the special producer storage loan, or regular CCC crop loans).

About 6 billion bushels of corn are estimated to be eligible to go under loan in 1987/88. Assuming that farm prices average about 87 percent of the loan rate for September-January 1987/88, about 63 percent of the 6 billion bushels, or about 3.8 billion, would be placed under loan, leaving about 3.4 billion free. However, part of this is committed to replacing Farmer-Owned Reserve corn that was rotated prior to harvest. Thus, the free supply is less than 3.4 billion and total market use is forecast at 7.7 billion.

#### **Generic Certificate Quantities Will Help Determine Corn Price**

The balance of the corn needed to meet market use will have to be freed up by generic certificate exchanges, CCC sales, and cash redemptions from regular loans. Consequently, where the price actually settles will depend on the quantity of generic certificates.

In 1987/88, it will be necessary to free up more corn than last year from loans, CCC inventory, and the Farmer-Owned Reserve. If the quantity of generic certificates is not sufficient to accomplish this, then price will rise to increase the volume of cash redemptions. The farm price likely will have to be in the vicinity of \$1.90-\$1.95 to attract a large volume of cash redemptions.

Disappearance for 1987/88 is forecast to exceed production, and stocks are expected to decrease from 4.9 billion bushels to 4.3 billion. However, the ending stock-to-use ratio would still be 56 percent, far above a stock ratio that would move the average price received by farmers significantly above the loan rate.

If stocks were reduced at a rate of 600 million bushels a year, 5 years would be needed to reduce them to a level where they would not pressure prices.

The actual rate of reduction will depend on how much domestic production is limited, the growth of domestic demand, the rate of foreign economic growth, world crop conditions, and foreign food and agricultural policies.

A measure of the incentive for farmers to participate in the U.S. feed grain program is how much participation increases net returns above nonparticipation. If a high rate of program participation is desired, the incentive to participate will have to remain fairly high.

Foreign coarse grain production has been trending up since 1970. In contrast, foreign use of coarse grains has been increasing at a decreasing rate during the 1980's. The slowing of growth in use, coupled with the continued rise in production, has resulted in a flattening of world trade in coarse grains in the 1980's.

The extent of future expansion in U.S. corn exports likely will depend on a change in the growth rate of foreign use or a tapering off in the rate of production increase. The rate of foreign economic growth and foreign exchange earnings and expenditures (especially for debt repayment) will be important factors. [Lawrence Van Meir (202) 786-1840]

#### **Wheat**

Dramatic developments are taking place in world wheat production and trade, with more likely to come. Wheat appears to have firmly reversed its recent trend of shrinking exports and bulging stocks.

The 1987/88 U.S. wheat marketing year is characterized by another relatively small crop, as acreage reduction programs limit output, plus continued heavy domestic disappearance, a bright export outlook, a sizable drawdown in stocks, and farm prices some 10 percent above the loan rate.

#### **Outlook Improving**

Midway through the marketing year, the U.S. wheat outlook continues to improve. Disappearance has been somewhat heavier than expected. Thanks to competitive prices, exports got off to a strong start.

Stocks will be drawn down by over 500 million bushels to meet demand. Because free stocks of wheat were not expected to be adequate to meet growing export opportunities, steps were



taken to increase the availability of stocks held under various Government programs.

Durum and soft red winter supplies, two wheat classes important in the operation of the Export Enhancement Program (EEP), are a particular concern. A shortfall in available supplies of these classes could limit export options under EEP for the balance of the marketing year.

Reduced loan rates and the EEP helped boost U.S. exports by 14 percent in 1986/87 (July-June) and by a forecast 41 percent in 1987/88. Wheat exports are up in volume but, with prices lower, down in value. This season, 50 percent of U.S. wheat exports have moved under the EEP, compared with 25 percent last season.

The outlook for U.S. exports for the balance of 1987/88 is particularly good. World import demand is projected to continue strong. Meanwhile, Australia and Argentina have committed the bulk of their exportable supplies from the 1987 crop.

### EC Competition May Shrink

The EC's 1987 wheat crop was well below earlier projections. The cold, wet harvest not only cut yields but also reduced quality from a year ear-

lier. These factors, along with a potentially smaller world market for feed wheat this year, could limit EC exports.

A smaller 1987 Canadian wheat crop and lower quality may offer some additional opportunities for U.S. sales, since Canada is a major competitor. However, so far during 1987/88, Canada has had a successful sales campaign, and its total wheat exports are likely to reach last year's high level.

Not only is demand for wheat picking up worldwide, but the United States, surprisingly, seems to be leading the way. Total 1987/88 wheat food disappearance is estimated at a record 750 million bushels, about 3.5 percent above the previous year. Consumer bakery product preferences and eating habits have changed, resulting in increased purchases of variety bread products, pasta, sweet breads, ethnic foods, snack foods, and fast foods.

With total demand exceeding the 1987 crop, U.S. wheat stocks are projected to shrink by around 30 percent by the end of the marketing year. At 1.3 billion bushels, stocks on May 31, 1988, would be the smallest since 1982. CCC-owned stocks and wheat in the Farmer-Owned Reserve are expected to account for around 75 percent of

yearend stocks, resulting in another year of relatively tight free carryover.

### Prices May Average \$2.45 to \$2.65

Since the 1985 Farm Act was passed, wheat prices have generally followed the decline in loan rates. For the 1987 crop, the loan rate was announced at \$2.28 per bushel. However, with a heavy early-season export push, due in large part to shipments to China and the USSR under EEP, wheat prices at the farm have been averaging 10 percent above loan. For the marketing year, prices could range from \$2.45 to 2.65 per bushel.

World wheat area has declined for the third consecutive year, and is the lowest since 1973. However, yields are up 33 percent since then. Production in 1987/88 will exceed 500 million tons for the third time in 5 years. Exports are expected to increase significantly, reflecting crop shortfalls in some importing countries as well as an apparent willingness by a number of countries to rely on imports for growing domestic needs.

China's 1987 wheat crop fell below 1986's high level. With demand for wheat continuing strong, China is expected to turn increasingly to the import market, as evidenced by imports of 11.5 million tons forecast for 1987/88, the highest since 1982/83.

A major uncertainty is the USSR's import intentions. The estimate of the 1987 USSR wheat crop, 80.5 million tons, is more than 10 million tons below 1986's harvest. And, the Soviets' import requirements for better quality wheats, including Durum, will be up from 1986/87. On the other hand, with a near-record coarse grain harvest and extremely large barley supplies, USSR imports of feed-quality wheat could fall well short of 1986/87's 5 to 6 million tons.

In India, an unfavorable monsoon significantly reduced food grain production. With world rice prices sharply higher, India could become an important wheat importer in 1987/88. Brazil, the Western Hemisphere's major wheat importer, is expecting another good crop.

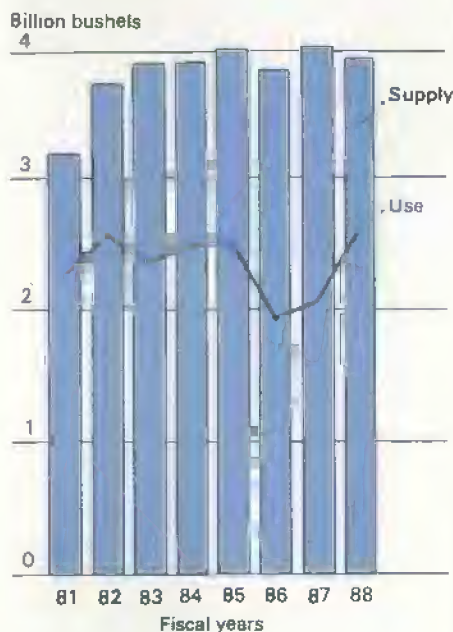
In the EC, if imports increase in 1987/88, it should be a short-term phenomenon. The EC is faced with some interesting export problems this season. Domestic supplies of feed-quality wheat are exceptionally large. At the

World Wheat and Flour Trade

	1985/86 1/	Preliminary 1986/87	Projected 1987/88
million tons			
<b>Exports</b>			
Canada	16.8	20.8	21.0
Argentina	6.1	4.3	5.0
Australia	16.0	14.8	13.0
EC	15.6	16.5	14.8
Subtotal	54.5	56.4	53.5
U.S.	25.0	28.4	40.0
Other	5.3	6.6	7.3
Total	84.8	91.4	100.1
<b>Imports</b>			
EC	2.9	2.4	2.5
Mideast & No. Africa 2/	10.5	12.5	13.8
Egypt	6.3	6.5	6.7
Mexico	.1	.8	.6
India	.1	.1	.1
E. Europe	3.4	4.2	3.7
China	6.6	8.5	11.5
USSR	15.7	16.0	20.0
Other	38.8	41.3	41.1
Total	84.8	91.4	100.1

1/ July-June marketing year. 2/ Algeria, Iran, Iraq, Morocco, Nigeria, and Tunisia.

## Wheat Supply Is Down and Use Is Up



same time, world coarse grain supplies are relatively large, and import demand for coarse grains is likely to show only modest growth. With export competition from coarse grains expected to be intense, the feed wheat export market could shrink this year.

Since worldwide demand is expected to exceed the 1987 wheat crop, the 1987/88 marketing year will register the first year-to-year drawdown in wheat stocks since 1980/81. Although stocks are expected to decline by some 21 million tons, they will still be the third largest on record.

### World Wheat Area Likely To Contract Again in 1988

Worldwide wheat area could register its fourth consecutive decline in 1988. However, if yield trends continue, the 1988/89 world crop should again exceed 500 million tons.

If world wheat prices remain low, and economic conditions keep improving, world consumption should continue to expand, although perhaps not at the accelerated rate seen in 1986/87. Much will depend on the expanded use of wheat for feed. As long as wheat prices stay near current levels, a number of countries likely will include low-quality wheat in feed rations. World wheat trade in 1988/89 could approach 100 million tons.

Use in 1988/89 could easily surpass the crop by 10 to 20 million tons.

Thus 1988/89 would be the second year in a row with declining world wheat stocks.

What kind of export competition is the United States likely to face in 1988/89? Wheat area in the three major competitors—Argentina, Australia, and Canada—could hold at the reduced 1987 level or possibly decline further as farmers seek cropping alternatives to wheat. Canada may come closest to maintaining recent export levels, as it still has significant stocks to draw upon.

The EC is another story. Area is likely to be little changed in 1988, and yields could climb back to trend. This would likely result in near-record supplies at a time when other countries are showing significant production restraint. However, if one assumes that the EC shows restraint on export subsidies and the United States maintains an aggressive EEP, EC wheat exports might increase only modestly from 1987/88.

### Next Year's U.S. Crop May Duplicate This Year's

U.S. wheat program provisions affecting the 1988 crop have been announced. Continued heavy acreage set-aside requirements and another reduction in the price support level should result in a crop not much different from the 57 million tons of the past 2 years. Domestic use is likely to approach 30 million tons again.

If world wheat trade approaches 100 million tons, U.S. exporters could be called on to supply the world with close to 38 million tons of wheat. This would mean another significant drawdown in U.S. stocks and another year of prices above the loan. [Frank R. Gomme (202) 447-7700]

## Rice

The world outlook for rice in 1988 is one of extremely tight supplies, increased import demand, low ending stocks, and firm prices. In light of poor crop expectations in South and Southeast Asia and reduced export availability, world rice trade for 1988 is forecast at 10.4 million tons (milled basis), the lowest in 10 years and about 2 million below 1987.

Although the United States should benefit from lower availabilities in Asia, especially Thailand, the opportunity comes at a time when U.S. stocks are limited. Still, the United States could return as the world's leading

rice exporter for the first time since the early 1980's, with exports forecast at 2.6 million tons.

### Mideast Will Continue Large Imports

The large Middle Eastern importers such as Saudi Arabia, Iran, and Iraq will continue to be among the top purchasers, although Iran and Iraq may buy less because of large 1987 purchases and partially rebuilt stocks. Bangladesh, which suffered severely damaging floods in 1987 and already has had to buy close to 1 million tons, will remain a major importer this year.

India, Indonesia, and the Philippines became self-sufficient in rice production in recent years, but suffered drought last year. India, the hardest-hit producer, currently enjoys large rice stocks and can substitute wheat and other grains for rice to a certain extent. Rice imports are not anticipated for India in 1988 at this point. The status of Indonesia and the Philippines is less certain, but imports may be necessary to offset production shortfalls.

World rice stocks are forecast to decline to about 17 million tons by the end of 1987/88, the lowest level since 1974/75.

### U.S. Rice Situation: Lower Output, Carryout

For the third year in a row, U.S. rice production has declined. Acreage harvested dropped from 2.8 million acres in 1984/85 to 2.32 million in 1987/88. Government programs have required that up to 35 percent of base acreage be removed from production, and participation in the programs has been high. Yields moved rapidly upward during the 1980's because of higher-yielding varieties, although yields are down this season from last.

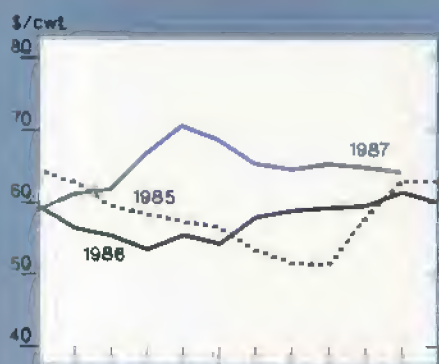
U.S. rice production for 1987 was an estimated 129.4 million cwt, down from 134.4 in 1986. While short grain production likely rose 8 percent, medium grain was down 3 percent, and long grain output probably fell 4 percent.

Carryin stocks on August 1 were 29 percent lower than a year earlier. With lower production and carryin stocks, estimated 1987/88 supply is down 13 million cwt to 187.1 million.

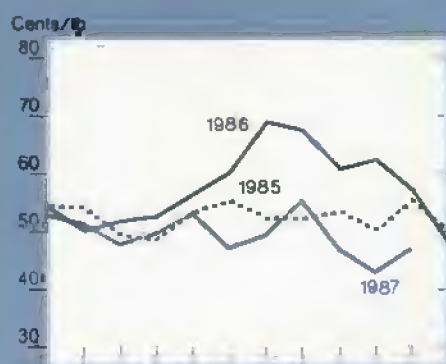


# Commodity Market Prices

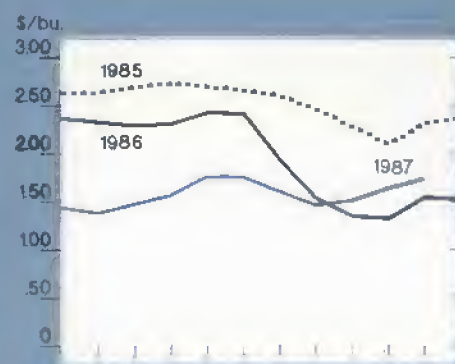
Choice steers, Omaha



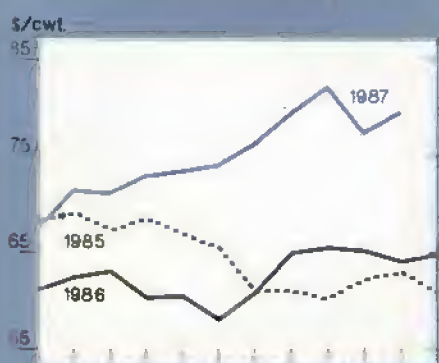
Broilers, 12-city average



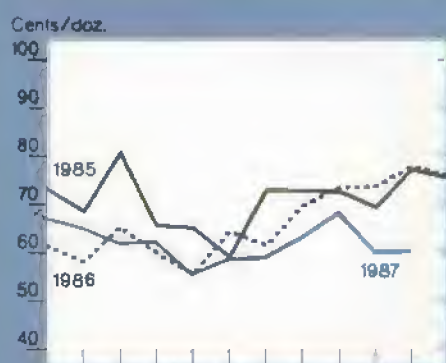
Corn, Chicago<sup>3</sup>



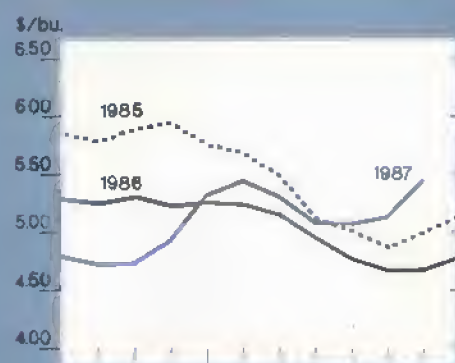
Feeder cattle, Kansas City<sup>1</sup>



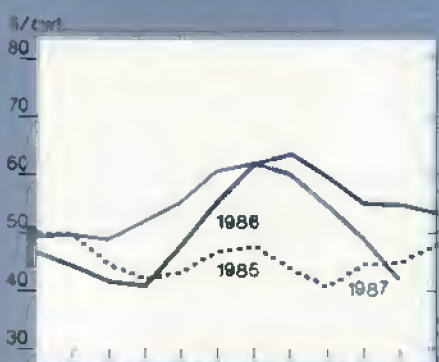
Eggs, New York<sup>2</sup>



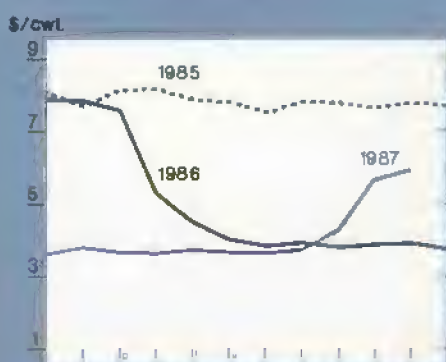
Soybeans, Chicago<sup>4</sup>



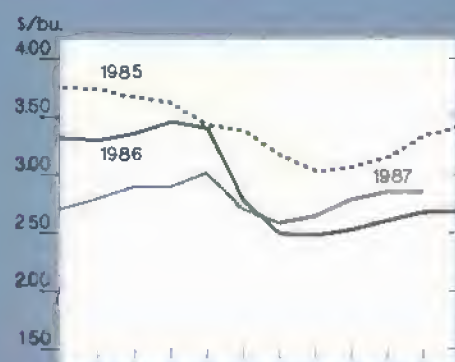
Barrows and gilts, 7 markets



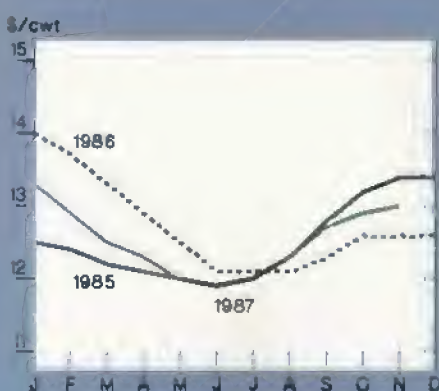
Rice (rough), SW Louisiana



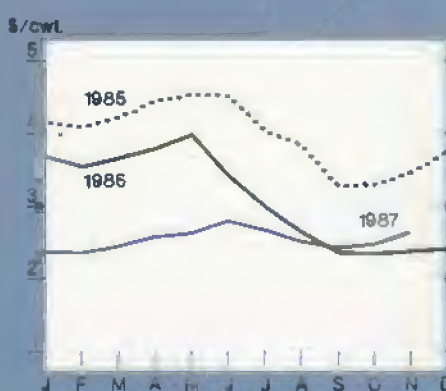
Wheat, Kansas City<sup>5</sup>



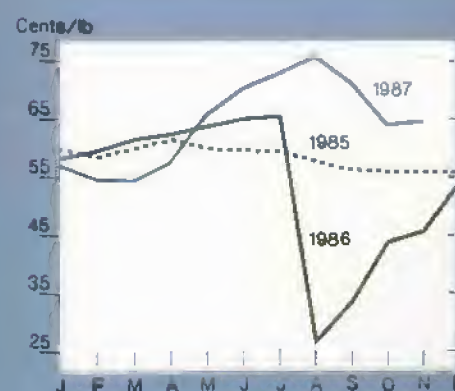
All milk



Sorghum, Kansas City



Cotton, average spot market



<sup>1</sup>600-700 lbs., medium no. 2

<sup>2</sup>Grade A Large

<sup>3</sup>No. 1 Yellow.

<sup>4</sup>No. 2 Yellow.

<sup>5</sup>No. 1 HRW

Relatively low supplies combined with strong demand likely will cut carryout stocks an astounding 51 percent, to about 27.1 million cwt. This will be near the 30 million cwt targeted in the 1985 Food Security Act as necessary to maintain adequate supplies for domestic and export utilization.

Total domestic and export use for 1987/88 is forecast to increase slightly from 159.2 million cwt to 160.0. On the export side, higher prices may hamper world trade, and tight supplies, especially long grain rice, may limit U.S. exports. While some medium and short grain rice is expected to be substituted for long grain, it probably will not be sufficient to offset the projected decline in long grain exports. Domestic use dramatically increased in 1986/87, but will be competing with exports in 1987/88. [Frank R. Gomme (202) 447-7700]

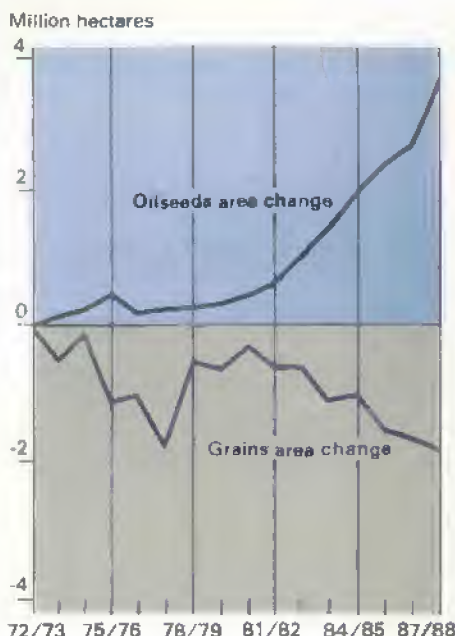
## Oilseeds

World oilseed production likely will be record high in 1987/88 but U.S. production is below its 1985/86 peak. The rise in world production is led by soybeans in South America and soybeans and rapeseed in the EC. The decline in the United States reflects a 2-year dropoff in soybean production, from 1985's peak of 2.1 billion bushels.

Other factors shaping the 1987/88 outlook are:

- slowing protein meal demand in traditional importing countries, notably the EC;
- a resurgence in soybean and soybean meal purchases by the Soviet Union;
- sharply rising internal soybean meal demand in Brazil, a major world producer and exporter;
- substantial increases in 1988 soybean production in Argentina and Brazil, possibly dampening U.S. exports in the second half of the year;
- another year of strong domestic soybean meal demand;
- continuation of the stock drawdown because of strong export and domestic demand; and
- no further acreage declines for 1988/89.

## The EC Has Replaced Grains Area With Oilseeds



## U.S. Soybean Output Higher Despite Acreage Cut

Despite cutbacks in U.S. soybean acreage, 1987/88 production climbed from 1,940 to 1,960 million bushels. A yield of 34.1 bushels per acre, the second record yield in 3 years, overcame a 1.7-million acre decline in plantings. Harvested acreage was 57.6 million, the lowest since 1976.

Acreage in the Southeastern States (Alabama, Georgia, North Carolina, and South Carolina) was only 3.4 million this season, down from 8.5 million in 1982. The Delta States (Arkansas, Louisiana, and Mississippi) planted 7.5 million acres, down from 11.2 million in 1982. Acreage in the Eastern Corn Belt (Ohio, Illinois, and Indiana) and the Western Corn Belt (Iowa, Minnesota, Missouri, and Nebraska) was stable.

As acreage in the South declines, the higher yielding areas in the Midwest have greater influence on national average yields. The apparent above-trend yields of the last 3 years may reflect the removal of low-yielding acres as much as weather. Yields could remain above long-term trend because of the decline in area in marginal producing regions.

## EC Rapeseed Up Almost 60 Percent

Worldwide oilseed production will climb 4.7 percent in 1987/88 and world soybean production 4.1 percent. In the EC, rapeseed production likely climbed 59 percent to 5.9 million metric tons. Sunflowerseed production there has risen about 20 percent in each of the last 3 years.

EC efforts toward self-sufficiency have included soybean production, which is expected to reach 1,470 million metric tons in 1987/88, up from only 89,000 in 1983/84. Policies aimed at oilseed self-sufficiency have shifted EC land out of grains and into rapeseed. Consequently, EC oilseed production climbed from 1.9 billion tons in 1975/76 to a projected 11.8 billion in 1987/88.

South American soybean production is expected to rise 9 percent in 1987/88. Prices favor soybean over corn production in Brazil. As of mid-September, the Brazilian soybean-corn price ratio rose to 3.3, compared with 1.5 in 1986. Land in both Brazil and Argentina will shift to soybeans.

Argentine soybean acreage doubled during the 1980's. By 1988, acreage could exceed 9.9 million and production could total a record 8.5 million metric tons.

## World Supplies Ample

Although worldwide demand will continue to grow in 1988, supplies of oilseeds, particularly soybeans, will be ample, barring crop failure in South America.

The Soviet Union again will be a major factor in the world market. Traditionally, Soviet buying comes early in the season and is largely complete by late spring. However, between November 10 and 19, 1987, the Soviet Union bought unprecedented amounts of U.S. soybean meal. Sales totaled 1.3 million metric tons. Also, the Soviets have purchased nearly 30 million bushels of U.S. soybeans. Total Soviet purchases of soybean meal are projected at 3.4 million metric tons in 1987/88, ahead of the 2.5 million imported last season, and well ahead of imports during 1983/84-1985/86.

Because of the drought that lowered India's oilseed production, the Indian



ban on importation of oilseeds may be lifted. The oilseed shortage leaves India's domestic crushing industry underused. The country's oilseed imports are forecast at 400,000 tons, largely rapeseed.

### **High-Protein Meal Demand Is Climbing**

World consumption of the major protein meals is forecast to climb 1.2 percent to 112.9 million metric tons in 1987/88. Most of the rise is for meals of cottonseed and rapeseed, both of which may top 1986/87 by better than 5 percent.

Soybean meal consumption is expected to rise by less than 2 percent. Lack of supplies from South America is constraining consumption. Brazilian domestic demand for soybean meal climbed 20 percent during each of the last 3 years, but 1987/88 demand is pegged at 2.9 million metric tons, only 3.5 percent above 1986/87. Strong domestic use plus Soviet purchases last spring have effectively sidelined Brazil from the export market until the 1988 crop is harvested.

### **U. S. Soybean Meal Disappearance Sets Record**

Domestically, favorable feed costs are expected to translate into a 9-percent rise in pork production and a 7-percent rise in broiler production in 1987/88. This should mean record domestic soybean meal disappearance of 21.2 million short tons.

Recent Soviet purchases and prospects for significant further gains in Soviet imports could push U.S. season average prices above earlier forecasts, to \$175 to \$205 a short ton. Rio Grande prices for soybean meal jumped above Rotterdam prices in October and November. This reflects the exceptionally tight soybean meal supply situation in Brazil, which is likely to persist into the spring.

U.S. soybean meal prices are proving seasonally strong compared with last October. The reason is slightly stronger disappearance worldwide this year. Expanding Soviet, Brazilian, and U.S. soybean meal use more than compensates for lower expected use in the EC.

### **World Vegetable Oil Stocks Continue Modest Rise**

For the last several years, world vegetable oil output was in excess of world consumption and stocks climbed. In

1987/88, though, accelerated growth in oil use is expected to hold world stocks of the 11 major vegetable oils near 1986/87 levels despite increased output.

Production of most vegetable oils will rise. However, because of the Indian crop failure, declines are expected in world peanut oil. Coconut oil production is also projected to decline, reflecting a reduction in the Philippines. Increases are expected in palm production in Southeast Asia, cottonseed in the United States, rapeseed in Europe, and sunflowerseed in the EC and Argentina.

Soybean oil prices have bottomed out. U.S. soybean oil prices are expected to range between 16 and 19 cents a pound (\$350 to \$420 a metric ton). U.S. vegetable oil stocks will rise slightly despite increasing domestic consumption, which is expected to rise by 4.3 percent in 1987/88 after a robust 6.2-percent gain in 1986/87.

### **Soybean Prices in 1987/88 Will Be Higher**

U.S. soybean prices this season are expected to average significantly higher than the \$4.50 per bushel received by growers in 1986/87. Prices in central Illinois averaged about \$5.46 a bushel in November, close to the Government sales price.

With Government-owned stocks dropping sharply below 1986/87, prices will be pushed to the CCC sales price for much of the year. Government-owned stocks are already below 100 million bushels, reducing the barrier to price increases. However, if a large South American crop materializes in the spring, as is now expected, soybean prices could weaken early in 1988.

The relatively high soybean prices experienced last fall indicate a short-crop price pattern. Such a pattern could emerge as a result of low free stocks of soybeans and Brazilian absence from the market, but both of these conditions could change as the marketing year proceeds. [Roger Hoskin (202) 786-1840]

### Cotton

The mid-1980's proved to be a dynamic period for world cotton production, consumption, and trade. At the

start of the 1986/87 cotton marketing year, world stocks had reached a record 45 million bales, representing over 7 months' use, and world prices had fallen below 37 cents per pound (c.i.f. Northern Europe).

In the United States, stocks had risen to a record 9.3 million bales and average spot prices had dropped below 27 cents per pound. At the time, most analysts thought it would take several years to bring world supplies back in line with demand. In fact, it took only two.

Several factors contributed to the dramatic improvement in the situation and outlook for cotton. Some of the major ones are:

- significantly reduced 1986-crop production in the U.S., USSR, China, India, and Australia, and expected shortfalls in the Soviet Union and India in 1987;
- higher Chinese consumption;
- strong worldwide demand; world cotton consumption reached a record 83 million bales last season;
- record cotton imports—world trade reached nearly 26 million bales last season.

### **World Production Larger**

Cotton area and production will expand in 1988/89. Assuming trend yields, world production could range from 80 to 85 million bales. Significantly larger production could occur in the Soviet Union, China, and India. Other major producers likely to expand production include Australia, Pakistan, and some Central and South American countries.

If growth in population and income continues to follow recent trends, and if cotton prices remain in line with manmade fibers, world cotton consumption in 1988/89 will exceed 80 million bales for the third consecutive year. However, higher prices in 1987/88 would likely limit growth in world consumption in 1988/89.

Imports account for nearly 30 percent of global use. If consumption remains strong, global imports could total 22-24 million bales. The United States, Pakistan, and other exporters will continue to compete for these markets. World ending stocks might in-

crease slightly, but should remain well below the burdensome level of recent years.

### **U.S. Cotton Forecast Balanced**

The early-season outlook for U.S. cotton in 1988/89 points to disappearance and production about in balance. This is based on upland cotton program provisions, which will again limit planted acreage and continue to encourage use through competitive prices in domestic and foreign markets.

The 1988 upland cotton program is not significantly different from the current one. However, producers will be required to reduce cotton acreage by only 12.5 percent of their base (25 percent was required in 1987) to be eligible for price support loans and other program benefits.

Specifics for the 1988-crop program include a target price of 77 cents per pound, with a loan level of 51.8 cents for base-quality cotton. If the adjusted world price falls below the loan level, the Plan B marketing loan program will be put into effect. Plan B allows producers to repay price support loans at the lower of the loan rate or the adjusted world price. If the adjusted world price is above the loan rate, 1988-crop cotton may be redeemed with cash at the loan level plus carrying costs.

Program enrollment in 1988/89 likely will remain high, but may drop below 1987/88's 89 percent. Planted area could increase to 11-13 million acres, with 2-3 million planted outside the program. The 1988 crop could range from 12 to 15 million bales.

With U.S. cotton prices competitive in domestic and foreign markets, demand prospects are bright. Although domestic mill use in 1988/89 may not match 1987/88's expected use of 7.8 million bales, consumption could top 7 million bales. Factors which could lead to slightly lower consumption include uncertainty about the economy's performance, the possibility of a decline in the popularity of heavyweight denim, the continued poor market for corduroy, and textile imports.

### **Export Competition Tough**

U.S. cotton exports in 1988/89 are likely to fall because of increased foreign supplies. Shipments could drop to historical levels, between 6 and 7

million bales. The United States will maintain its current market share of about 30 percent. Expected disappearance could about match domestic production in the 1988/89 marketing year, with ending stocks remaining near the desired 4 million bales.

World cotton prices generally moved higher in 1986/87, reflecting the strong demand and the tightening of stocks. The return to normal stock levels and significantly higher prices led to an expansion of planted area and production. World cotton production in 1987/88 is expected to be near 76.8 million bales, compared with 69.6 million in 1986/87.

Larger foreign production resulted from almost 2.6 million additional acres of planted area in 1987. While yields recovered among some Northern Hemisphere producers, others continue to have problems this season.

Pakistan is expecting a crop of 5.8 million bales, 5 percent below last year's record. China's production is projected at 18 million bales, 10 percent above last season's reduced crop, but below expected consumption. The Soviet Union and India continue to be plagued with poor weather. The Soviet crop, estimated at 11.0 million bales, would be the country's lowest in the 1980's. Indian production is forecast at 7.7 million bales, nearly 700,000 below 1985.

Southern Hemisphere producers likely increased acreage this season. In general, these producers do not plant until September or later. Strong prices in 1987 gave Australia, Brazil, and Argentina the incentive to increase area.

Global cotton consumption this season is projected at 82.3 million bales, down fractionally from last year's record of 82.9 million. The 8 percent increase in cotton consumption in 1986/87 is not likely to be repeated this year; higher prices may discourage growth in cotton use. However, cotton prices have recently realigned with man-made fiber prices. Polyester prices have increased in several countries and in a few cases have surpassed cotton.

Cotton consumption among major importing countries continues strong in 1987/88 and may equal last season's use of 18.4 million bales. As a result, global trade is expected to fall only 6 percent or 1.6 million bales, remaining

just under last season's record of 25.8 million. The United States is expected to capture about 30 percent of world trade, followed by Pakistan with 12 percent, the Soviet Union with 12, China with 7, and Australia with 5.

With consumption still substantially above production, ending stocks are expected to tighten further in 1987/88, falling from 31.5 million bales to 25.8 million. Stocks are projected to decline over 3 million bales in China and over .5 million in the United States. The global stocks-to-use ratio is expected to drop to 31 percent, the lowest since 1980/81.

In the United States, a recovery in yields and production and continued strong demand highlight the 1987/88 cotton situation. The crop, 14.3 million bales, is up 4.6 million from last season, reflecting slightly larger acreage and a record yield of 695 pounds per harvested acre. The 1987 crop is the largest since 1981, when 15.6 million bales were produced.

Cotton's share of total fibers used continues to increase. Based on the strong early-season rates, the continued consumer preference for natural fibers, and the recent realignment in relative fiber prices, U.S. mill use may increase to 7.8 million bales in 1987/88. Use during 1986/87 totaled 7.5 million, 15 percent more than the previous season.

Domestic mill use is expected to increase despite rising imports of foreign textiles. Mill use is supported by increasing U.S. textile exports.

The estimate for 1987/88 exports is 7.2 million bales, up from 6.7 million in 1986/87. Competitive U.S. prices, a less expensive dollar, and crop shortfalls in some major producing countries increased the potential for U.S. exports this season. The primary U.S. markets have been Japan, South Korea, and Taiwan. Shipments to these may account for over 54 percent of total U.S. exports.

Ending stocks this season may decline almost 0.6 million bales to 4.4 million, only slightly above the desired carryover specified in the Food Security Act of 1985.

### **Outlook to 1990: Higher Output, Use, & Exports**

Longer term prospects for global cotton point to further increases in both production and consumption. If yields



continue to increase at an annual rate of 2-3 percent, world production could reach 83 to 88 million bales by 1990. However, if the recent upward trend in consumption can be maintained for the next few years, use could total about 85 million bales, near expected production.

This scenario implies that stocks are likely to increase, but not by much. Acreage reduction programs likely will continue to be used to keep supplies in balance with demand.

If world consumption continues higher and imports represent approximately 30 percent of use, then U.S. cotton exports likely will trend upward. The United States should be able to maintain its current market share of about 30 percent. This points to U.S. exports in the range of 6.5 to 7.5 million bales throughout the period.

Continuing competition from domestic manmade fibers and textile imports will probably restrict growth in U.S. mill use. Mill use could be 7.0 to 7.5 million bales annually. To maintain the desired stock level, a 13- to 15-million-bale crop would be needed. If current agricultural and economic conditions continue, between 10 and 20 percent of the U.S. cotton base likely would need to be idled to accomplish this goal. [Robert Skinner (202) 786-1840]

## Fruit

The fruit industry expects substantially larger supplies of noncitrus during the balance of 1987/88. Because of good spring weather and increased bearing acreage, larger crops are indicated for all major fruit except grapes. Further increased production of apples, kiwifruit, pears, and tart cherries is expected in the years ahead as more trees reach their full bearing potential.

This season's citrus crop is projected fractionally larger than in 1986/87. Citrus production in Florida and Texas has gradually recovered from the early 1980's freezes. Since some of the freeze-damaged trees have been replaced, the downward trend of citrus acreage should diminish and production should increase.

Tree nut supplies this season will be much larger than in 1986/87, particularly almonds and walnuts.

U.S. Production of Selected Noncitrus Fruit, 1981-85, 1986, & 1987

Crop	1981-85	1986	1987
1,000 short tons			
Apples	4,050	3,946	4,807
Apricots	112	55	116
Cherries	138	250	372
Grapes	5,464	5,226	5,096
Nectarines	188	172	190
Peaches	1,172	1,163	1,243
Pears	786	766	862
Prunes/plums	255	490	908
Strawberries	453	510	540
Total	12,588	12,578	14,135

SOURCES: Noncitrus Fruit and Nut and Crop Production, NASS, USDA.

Grower & Consumer Price Indexes for Vegetables

Year	Grower price	CPI fresh 1/	CPI processed 2/
1977 = 100			
1985	181	196	168
1986	167	200	163
1987*	184	220	170
1988*	186	226	177

1/ Reindexed to 1977 = 100 by ERS. 2/ Dec. 1977 = 100.

\*Estimated by ERS.

SOURCE: Bureau of Labor Statistics.

U.S. Citrus Production, 1979/80, 1986/87, & 1987/88

Crop	1979/80	1986/87	1987/88
1,000 short tons			
Orange	11,832	7,737	7,971
Grapefruit	2,986	2,397*	2,493*
Lemons	786	1,087	904
Limes	270	153	153
Tangelos	288	180	180
Tangerines	275	220	180
Total	16,440	11,774	11,878

\*Excludes California grapefruit in other areas.

SOURCE: Crop Production, NASS, USDA

Demand for fruit was strong during the past season, especially for export. The lower valued dollar and promotional programs such as Targeted Export Assistance (TEA) boosted fruit exports despite greater world competition. Bigger exports are indicated for most fresh and processed fruit to many of the world's regions, particularly the Pacific Rim areas, during 1987/88. This situation is expected to continue as long as the dollar remains low.

On the other hand, because of the slow growth in disposable personal income,

domestic demand has not been as strong as exports. Strong export demand has strengthened grower prices, so U.S. consumers have been paying higher prices this year than in 1986/87.

The December 1 forecast of 1987/88 U.S. citrus production (excluding grapefruit in California's "other areas") was 11.9 million tons, up fractionally from 1986/87 but up 10 percent from 1985/86. The crop is still sharply below the record production of 16.5 million tons in 1979/80.

Larger prospective orange and grapefruit crops are partially offset by smaller crops of lemons and tangerines. With strong demand in prospect from processors and export markets, fresh citrus prices are likely to remain firm.

### **FCOJ Production Up**

The larger Florida orange crop will result in increased output of frozen concentrated orange juice (FCOJ) in 1987/88. Production is expected to be approximately 151 million gallons, even with a lower juice yield. The 1987/88 juice yield is forecast at 1.46 gallons a box at 42.0 degrees Brix, down from 1.51 gallons in 1986/87. However, even with the prospective larger pack and carryin stocks, the total FCOJ supply in 1987/88 will not be adequate to meet domestic demand. Consequently, imports from Brazil will remain large.

With the estimate of this season's FCOJ production in Brazil reduced from 800,000 to 765,000 metric tons (but still up from last season's 595,000), Brazilian exporters have raised FCOJ prices several times to the current level of \$1,800 a metric ton, f.o.b. Santos. Consequently, Florida packers have also increased f.o.b. prices to a record \$5.36 a dozen 6-ounce cans, compared with \$4.08 a year ago. With higher prices, movement is expected to remain sluggish.

### **Fresh Noncitrus Supplies Up**

The 1987 noncitrus crop—including major tree fruits, grapes, and strawberries—likely was 14.1 million tons, up 12 percent from 1986 and also 12 percent over the 1981-85 average. Larger crops are indicated for all fruit except grapes. Good spring weather and increased bearing acreage contributed to most of the increase. A record apple crop is estimated, up 22 percent from 1986.

Good weather in all apple-growing regions last spring contributed to heavy fruit set and larger-than-normal fruit size. Additionally, young trees are entering commercial bearing age, particularly in Washington. Apple production could, therefore, increase further in the next several years if good weather prevails.

The pear crop is estimated to be 13 percent larger, with an 8-percent increase in winter pear production. As

a result, supplies of fresh apples and pears will be larger this winter, and prices are likely to be lower than a year ago.

### **Outlook Is Mixed For Processed Noncitrus**

Even though the canned fruit pack is expected to be up for some items, depleted carryin stocks will result in tight supplies. Prices are higher because of the tight supplies and improved demand.

Raisin supplies should be large because of increased output, even though carryin stocks (including 1986-crop raisins in the growers' reserve pool) are smaller than last season. Strong demand and higher grower prices for raisin-type grapes are likely to keep raisin prices firm, since surplus raisins will be held in the reserve pool. The sharply larger prune crop will push supplies well above a year ago, even with depleted carryin stocks.

The total supply of frozen fruit and berries will be much larger than last year. Large supplies are likely to weaken prices for some frozen fruits and berries.

### **Nut Crop Bigger**

Supplies of most tree nuts will be larger and prices are likely to be weaker in 1987/88. Larger crops are estimated for all tree nuts except pecans and pistachios. Exports look favorable because of larger supplies, lower prices, continued promotional activities, reduced import duties on walnut exports to Europe, and the lower valued dollar. Domestic use is expected to increase in view of lower prices.

The 1987 California almond crop was forecast at a record 600 million pounds (shelled basis), 140 percent above 1986's small crop of 250 million pounds and 2 percent more than the 590-million-pound record set in 1984. Even with sharply reduced carryin and the record crop, supplies will be well above a year ago. The almond production trend is up even with the slightly reduced bearing acreage.

The 1987 U.S. pecan crop was near 256 million pounds (in-shell basis), 6 percent below 1986 but 5 percent above 1985. Because of larger carryin stocks, total supplies are slightly above 1986. Larger supplies and low-

er prices for other tree nuts are likely to weaken pecan prices.

The 1987 California pistachio crop was about 30 million pounds (in-shell basis), down 60 percent from 1986's record 74.9 million pounds, but 11 percent above 1985. The decrease is primarily attributable to the alternate-year bearing characteristics.

California walnuts in 1987 likely reached a record-high 260,000 tons, 44 percent above 1986 and 19 percent above 1985. The crop was in excellent condition with set consistently high for all varieties. The California walnut-bearing area and yields continue to increase.

Walnut production is expected to continue its upward trend. Even with sharply reduced carryin, the walnut supply will be well above last year because of the record crop.

### **Consumption Rising**

Fresh fruit consumption is expected to rise again in 1988 because of increased imports, consumer diet consciousness, and added expenses for processed fruit, particularly canned.

Per capita fruit consumption in 1987 is estimated at 216.2 pounds (fresh-weight equivalent), 3.8 pounds or 1.8 percent above 1986. The increase comes from a continued rise in fresh fruit use, mostly apples, bananas, and peaches, reflecting lower prices. Per capita consumption of canned, frozen, chilled, and dried fruit probably remained steady. [Ben W. Huang (202) 786-1767]

### **Vegetables**

Fresh vegetable projections from 1987 through 1990 show a production increase of 1.3 percent per year. Even so, production of the 10 major fresh vegetables (asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, onions, tomatoes, and honeydews) for 1987 remained nearly level with the 215.3 million cwt in 1986.

Fresh vegetable growers harvested 6 percent more area in the winter of 1987 than a year earlier, 2 percent more in the spring, 3 percent more in the summer, and 3 percent more for the fall. Total 1987 area was about 3 percent above the 1.1 million acres harvested in 1986.



# U.S. Vegetable Production, 1980-90 1/

Year 2/	Fresh	Processing	Potatoes	Dry beans
Million cwt				
1980	190.6	9.6	303.9	26.7
1981	195.0	9.2	340.6	32.8
1982	206.5	11.2	355.1	25.6
1983	197.9	10.3	333.9	15.5
1984	217.1	11.4	362.6	21.1
1985	217.9	11.1	407.1	22.2
1986	215.3	11.0	361.5	22.9
1987	214.9	11.4	385.7	25.9
1988	217.7	11.5	389.9	26.2
1989	220.6	11.6	384.1	26.5
1990	223.5	11.7	388.4	26.9

1/ Includes asparagus, broccoli, carrots, cauliflower, celery, sweet corn, lettuce, onions, tomatoes, and honeydews. 2/ National Agricultural Statistics Board through 1987, projections thereafter.

SOURCE: NASS, USDA

The acreage gain was attributed to strong grower prices throughout 1987. The grower price index for fresh vegetables was 135 (1977=100) for the year, 8 percent above 1986. Firm grower prices indicated that demand has indeed increased. Stronger demand has lifted profit margins and resulted in increased square footage for fresh vegetables in retail produce sections.

Strong 1987 prices encouraged imports of fresh vegetables, which likely were up 3.3 billion pounds, or 6 percent from 1986. Prospects are for 1988 grower prices to be 2 to 4 percent higher than 1987 as consumers' demand is stimulated by increases in incomes and population.

Shipments by U.S. growers of specialty vegetables (Oriental, Mexican, tropical, and other unusual vegetables) were up 13 percent during 1987, in line with the growth rate in these vegetables between 1980 and 1986.

## Processing Production Climbing Steadily

Processing vegetable production is projected to increase about 1 percent per year between 1987 and 1990, near the rate of population increase. Contracted production of the four major processing vegetables (snap beans, sweet corn, green peas, and tomatoes) in 1987 rose 5 percent to 11.5 million tons. All four crops raised output; contracted area was larger and yields were higher. Sweet corn led with an 8-percent gain.

Larger packs of all processed vegetables combined with smaller average carryover stocks, except for tomatoes,

will place 1988 supplies slightly above 1987. In the case of processing tomatoes, supplies likely will be 2 to 3 percent larger this year, or about 1 percent per capita above 1987.

The 1987 producer price indexes (PPI's) for both canned and frozen vegetables were above 1986. The canned PPI was 2 to 3 percent above 1986's 245.5 (1967=100). The frozen PPI likely was one-half to 1 percent above 1986's 298.5 (1967=100).

Prices for both canned and frozen vegetables probably will remain strong for 1988; stocks have been drawn down and exports of these vegetables likely will continue to grow. Exports of canned vegetables in 1987 rose about 10 percent above the 311 million pounds exported in 1986. A further increase is expected in 1988, mostly for canned corn.

Exports of frozen vegetables (peas, carrots, and others, excluding potatoes) probably will be about even with the 79 million pounds in 1986. This level is 20 to 25 percent above the mid-1980's. The majority of the frozen and canned exports, about 50 percent, are going to Japan, which has been targeted for U.S. export promotion.

## Potato Prices May Slip

Total 1987 potato output was an estimated 386 million cwt, 7 percent above 1986. The 1987 fall crop was estimated at 343 million cwt, 8 percent above the previous fall. Area harvested rose 5 percent for the year to 1.28 million acres.

The larger 1987 fall crop softened grower prices for 1987/88; prices likely will go down slightly as the season progresses. The weaker market probably will not dampen acreage expansion for the 1988 winter and spring crops, though, as these are mostly exported to Canada.

The larger 1987 fall crop drove up stocks of potatoes. However, stocks heading into the fall were not burdensome for growers and, with export demand strong, grower prices for the new season likely will not fall below 1987/88's \$4.26 per cwt. That was the season average price for the record 1985 crop.

Exports of frozen french fries in 1987 were 25 to 30 percent above the 172 million pounds in 1986. Frozen french fries accounted for 88 percent of all 1986 frozen potato exports. Japan and other Pacific Rim countries explain the growth in frozen french fry exports. Japan took 84 percent of the frozen fries exports and 69 percent of the frozen corn. Growth in frozen fries exports is a result of increased fast food outlets, the high quality of U.S. potatoes, and targeted export promotion.

## Dry Bean Production Jumped 13 Percent for 1987

Production of dry edible beans in 1987 was estimated at 25.9 million cwt, 13 percent more than in 1986. The large gain stems mostly from yield improvements. However, area devoted to dry beans has expanded as beans have become more profitable than other row crops and exports have increased.

During 1987, the ratio of dry bean to corn prices jumped to the highest in at least two decades. Field crop farmers have grown beans to improve their cash flow. Grower prices for 1987 averaged at or slightly below 1986's \$17.98 per cwt.

Another force responsible for the increased acreage in 1987 was the up-trend in world trade. Import demand continues to rise in South Asia, the Mideast, and Africa. Improvements in developing countries' average diet and more widespread consumer acceptance of foods made from beans are bolstering demand.

U.S. exports of dry beans for 1987 rose 15 to 20 percent above 1986's 928 million pounds. This did not match the 1981 peak in exports but was the

largest since then. Exports of pinto beans, the largest class exported in 1987, doubled from 256 million pounds in 1986. The top market was Mexico. Gains also occurred in sales to Angola, Algeria, Mozambique, South Africa, Yugoslavia, and Haiti. [Shannon Reid Hamm and Catherine Greene (202) 786-1767]

## Tobacco

Tobacco production in the United States may rise again in 1988, after increasing 6 percent in 1987. Hikes in production may continue into the early 1990's. Current production is below disappearance, and surplus stocks are being used up.

Domestic leaf use is expected to rise because U.S. tobacco is being substituted for imported. Exports are likely to rise, aided by lower prices for U.S. tobacco and by greater demand for burley to increase production of blended cigarettes throughout the world. Cigarette exports are going up because of strong demand and the opening of markets for American cigarettes, particularly the Far East.

The outlook for tobacco growers in the next few years is considerably brighter than 3 years ago, because of legislation enacted in April 1986 that significantly changed the quota-setting procedure, price support levels, and net-cost assessments for burley and flue-cured tobacco.

### *Output May Rise Moderately, Then Fall in Mid-1990's*

Hikes in production are from the relatively low 1986 and 1987 levels. Production approaching the 1.8 to 2.2 billion pounds of the 1970's and early 1980's is not in the picture. Furthermore, production increases are likely to give way to declines before the mid-1990's, because of falling domestic cigarette consumption.

State excise taxes on cigarettes will continue to increase, and the Federal excise tax almost surely will be raised, perhaps substantially. Smoking restrictions and other antismoking activity will go on at current or heightened levels. Cigarette consumption may fall an average of 2 to 3 percent a year over the next several years.

U.S. prices were higher in 1987. The quality of the crop is relatively good despite drought stress in some areas.

U.S. production in 1987 was up about 6 percent from 1986's low level because of larger acreage and higher yields. However, lower carryin stocks reduced supplies about 6 percent to 4.6 billion pounds, with decreases in nearly every type.

The size of the 1988 crop will depend in part on USDA's decision on quotas, which was made December 15 for flue-cured and must be made by February 1 for burley and March 1 for other kinds. The basic quotas depend on manufacturers' buying intentions. Effective quotas are higher for flue-cured and likely will be lower for burley in 1988.

Production of all tobacco may be up this year if yields are average. Prices may rise because supplies of some tobacco grades may be in short supply. Consequently, the value of the crop could increase.

### *U.S. Cigarette Sales Dropping*

Cigarettes are the dominant product of the tobacco industry in the United States and most other countries. With a 58-percent leap in cigarette exports in the first 9 months of 1987, U.S. output may have totaled 670 billion pieces for the year, about 27 billion above 1986 and the highest since 1982.

However, U.S. cigarette consumption fell about 2 percent last year, about the same decline as in 1986. Consumption per person 18 years and older in the United States dropped by 78 cigarettes, from 3,274 to 3,196. This is the lowest since 1944.

Total consumption of cigarettes is likely to decline again in 1988. Price hikes because of higher manufacturers' costs (including profits) and because of tax increases are primary among reasons for the expected decline in both total and per capita consumption. Further State tax increases are expected.

For the last 6 years, manufacturers have raised wholesale prices 3 to 4 percent at about 6-month intervals. Retail prices have risen 6 to 8 percent a year, faster than the rise in overall consumer prices.

Several bills to ban advertising and promotion of tobacco products were introduced and debated in Congress in

1987. Furthermore, a number of bills were introduced to hike the Federal excise tax. The push to adopt measures that would dampen demand for cigarettes is expected to continue in 1988.

### *Prices and Income Higher*

Auction prices for flue-cured tobacco in 1987 averaged \$1.59 a pound, 6 cents above 1986, even with slightly lower support prices. Cash receipts from the 1987 flue-cured crop were up about 7 percent. In addition to higher prices, the net-cost assessment charged producers was reduced from 1986's 2-1/2 cents to 2 last year, boosting returns slightly.

Price support levels for burley tobacco remained the same in 1987; supports for other types declined slightly. Burley auctions opened November 23, with prices during the first 3 weeks of sales averaging about 1 cent a pound above a year earlier. Cash receipts from the 1987 burley crop will likely increase 10 to 15 percent.

About 25 million pounds of flue-cured were placed under loan, 30 million fewer than a year earlier and the lowest since 1974. Government price support is mandatory for tobacco produced under marketing quotas.

Beginning in 1987, flue-cured and burley price supports were set at the level for the preceding year adjusted by changes in the 5-year moving average of prices (two-thirds weight) and changes in the cost-of-production index (one-third weight).

Marketings from the 1987 flue-cured crop and unsold 1986 production were about 2-1/2 percent above 1986. But, with a smaller carryover, flue-cured supplies for 1987/88 are about 7 percent below last season. The flue-cured effective quota was increased by about 6 percent in 1987. Because of excess production in 1986, 8 to 10 million pounds of 1986 crop tobacco were sold in 1987. Some growers in 1987 likely had tobacco in excess of their 103 percent (the amount of effective quota that could have been marketed without penalty).

The 1988 flue-cured quota is 755 million pounds, compared with the 1987 basic quota of 707 million, which was about 180 million below projected use. Supplies have declined in each of the last 7 years, and now represent about



2.7 years' use. Because 1987's marketings were below the effective quota, 1988's effective quota is higher than the basic quota.

Supplies of burley have fallen since 1984, and now represent about 3 years' use. The 1987/88 supply is about 5 percent below last season. Carryover stocks on October 1 were 10 percent below a year earlier because of the smaller 1986 crop. The 1987 crop was 13 percent above 1986. Acreage was up 7 percent and yields up 6.

Total burley use may increase in 1987/88, with domestic use rising and exports remaining at 1986/87's record-high. Domestic use may rise because of increased cigarette production and substitution of domestic for imported burley. Lower auction prices, sizable dealer holdings of the 1983 burley crop, the weaker dollar, and the increasing demand for blended cigarettes worldwide may keep burley exports up.

Among other types of tobacco, supplies of fire-cured, Maryland, dark air-cured, and cigar tobacco are all down.

Producer referendums will be held in early 1988 to determine if growers of Virginia fire-cured (type 21), Kentucky-Tennessee fire-cured (types 22-23), and Kentucky-Tennessee dark air-cured (types 35-36) desire acreage allotments for their next three crops. [Verner N. Grise (202) 786-1768]

## Sugar

World sugar production in 1987/88 is forecast to fall 1.5 percent, to 101.2 million metric tons. The drop reflects 1.9 million metric tons less beet sugar, or nearly 5 percent less. (All values are in raw sugar equivalent.) Nevertheless, North America's beet sugar production was up nearly 200,000 metric tons, or just over 5 percent, because of much higher U.S. beet output.

Production in the European Community declined 1.4 million metric tons, or nearly 10 percent, because of poor weather and a 2.5-percent drop in sugarbeet area in 1987. Poor weather also caused production declines in other areas of Western Europe, by 100,000 metric tons, and in Eastern Europe, by 200,000 metric tons. Late sowing, bad weather, and transport

Sugar Prices, 1977-1987

Year	World price	U.S. price
Cents per pound		
1977	8.11	11.00
1978	7.82	13.93
1979	9.66	15.56
1980	29.02	30.11
1981	16.93	19.73
1982	8.42	19.92
1983	8.49	22.04
1984	5.18	21.74
1985	4.04	20.34
1986	6.05	20.95
1987*	6.57	21.83

SOURCE: Coffee, Sugar & Cocoa Exchange, Inc.  
\*Average for first 11 months.

problems brought down USSR output by 400,000 metric tons, or about 4.5 percent.

### Cane Sugar Output Rising

World cane sugar production in 1987/88 is expected to rise slightly to about 65 million metric tons. Asian production, however, is forecast 200,000 metric tons (1 percent) below 1986/87. Cane sugar production is forecast 2 percent lower in both India and China, because of drought in India and low state purchase prices in China.

North American cane sugar production is estimated to rise over 200,000 metric tons, with gains in both Mexico and the United States.

Cuba's cane sugar output is about unchanged at 7.25 million metric tons, but overall Caribbean output is up by about 100,000 metric tons (1.3 percent). With better weather this season, the Dominican Republic is expected to raise production 100,000 metric tons, nearly 13 percent. Jamaican farmers are shifting back to sugarcane, primarily for ethanol production, because of favorable U.S. rulings recently made on ethanol imports originating in Caribbean Basin Initiative countries.

### World Sugar Consumption Climbing 1.5 Percent

World consumption of sugar is forecast to rise to 101.7 million metric tons, up about 1.5 percent, compared with last year's 2 percent. Only South America

and Asia show much of an increase, at 2.5 percent each. The gain is largely because of better GNP prospects in Brazil, Argentina, Thailand, and Indonesia.

World trade in sugar continues to shrink. Exports are forecast to fall 1.5 million metric tons to 28 million. This reflects both slow demand growth and import-substitution policies in importing countries, as well as foreign-exchange needs. If real GNP in developing countries rises faster, consumption and trade could turn out higher.

With estimated global sugar consumption exceeding production, stocks are expected to fall. World stocks excluding the United States are forecast to decline nearly 3 million metric tons, about 10 percent. As a result of the anticipated stock drawdown, prices have been moving up, reaching about 8 cents a pound, from 5.8 cents in September 1987.

Is this the upswing of the sugar price cycle? It is worth noting that:

- World beet and cane processing capacity, probably in excess of 120 million metric tons, is still substantially above consumption. Capacity continues to increase, recently about a million tons a year.
- When prices rise, supply response tends to be quick. When prices fall, response is slow.
- Some analysts contend that world sugar consumption will rise faster now that the major displacement of sugar by high fructose corn syrup (HFCS) in the United States is completed. However, crystal (crystalline fructose) and low-calorie sweeteners are long-term threats, and HFCS has potential outside the United States. Even if world sugar consumption recovers its pre-HFCS growth trend, this does not invalidate the basic tendency toward global sugar overproduction and basement-level prices. The tendency existed before HFCS and continues today.

### U.S. Sugar Production Setting Record

Because of assured and attractive domestic market prices, U.S. sugar growers have expanded acreage. Beet acreage was up nearly 5 percent in 1987/88. Cane was up nearly 4.4 percent. Weather was almost uniformly excellent, spurring yields to a record 3

tons of sugar (raw value) per sugar-beet acre.

This year will likely mark the third largest beet sugar production ever, topped only by the 1975 and 1976 crops. Beet sugar production is forecast at 3.85 million short tons, raw value, compared with 3.65 million the previous crop. Cane sugar production, forecast at 3.325 million tons, will be a new record. Total sugar, at nearly 7.2 million tons, will be the largest in U.S. history.

The record output is not simply the result of good returns for sugar crops. To a large extent, "good returns" depend on the profitability of alternative crops. These alternatives—barley, corn, cotton, and wheat—have not shown up well.

### ***Sugar Deliveries Higher***

Sugar deliveries are up for the first time in almost a decade, as HFCS ceases to be a large raider of sugar markets. Substitutability of HFCS is close to current technological limits. Deliveries of refined sugar for domestic use totaled 7.86 million short tons in fiscal 1987, up 1.5 percent from the preceding year, with confectionery deliveries rising 7.4 percent, bakery/cereal 2.6 percent, and miscellaneous food uses 20 percent.

In fiscal 1988, growth will be a function of population; income and price elasticities of demand for sugar are modest. The national average retail price for sugar was stable the past 2 years at 35 cents a pound, down almost 1-1/2 cents from 1983/84, despite higher raw sugar prices. Retail prices are likely to rise slightly in 1988.

Prices for HFCS and other corn sweeteners dropped in 1987. HFCS-55 in Chicago-West averaged 18.4 cents a pound, dry basis, in 1986/87, down from 19.15 in 1985/86. Other corn sweetener prices declined less than 1 cent.

The lower prices reflect the maturity of the HFCS market, greater competition for market share among corn wet millers, lower corn costs, and better

prices for corn milling byproducts (corn oil, gluten feed, and meal). Net starch costs in January-September last year averaged 1 cent a pound, compared with 3 cents for the same period in 1986. In 1988, corn prices are forecast to rise only slightly, and starch costs are expected to continue to favor corn sweetener producers.

### ***HFCS Use Rising More Slowly***

In 1988, HFCS domestic deliveries are forecast to rise more slowly than in 1987, but crystar use will be higher. Per capita caloric sweetener consumption in 1987 is estimated at about 131 pounds, up 2 pounds from 1986. In 1988, consumption is forecast 1 pound higher, largely in industrial use. Consumption of aspartame will also be higher, while saccharin use could stabilize after recent losses to aspartame.

U.S. imports of sugar-containing products tend to detract from domestic sugar demand. These imports have trebled since 1981, to nearly 620,000 short tons in 1986. Imports of sweetened chocolate and various miscellaneous food products, especially sugar-gelatin mixtures, continue to escalate, but other items appear to have stabilized in 1987.

Total U.S. sugar imports (including imports for re-export) dropped to 1.9 million short tons in 1986/87, from nearly 5 million in 1979/80. The cut-back occurred in response to growth in U.S. sugar production, weak demand prospects, and a mandate to keep domestic prices up. Imports under quota, for domestic food and beverage use, were reduced from 3 million tons in 1982/83, when restrictive quotas were first imposed, to 1.2 million in 1986/87 (1 million in calendar 1987). The U.S. sugar import quota for 1988 has been established at 757.9 million tons, a reduction of nearly 25 percent from 1987. [Robert D. Barry (202) 786-1769]



## **Farm Finance**

The farm finance outlook for 1988 is one of guarded optimism. Farm income will be close to 1987's record, debt burdens are lower, and asset values are stabilizing. Returns to equity and assets in 1987 were 3-5 percent higher than most years during the 1960's and 1970's. While cash income is projected to decline 6-10 percent in 1988, there is likely to be a continued consolidation of balance sheet gains. However, financial stress will persist, especially for highly leveraged grain farms with substantial interest or rent expenses.

Net farm income, which includes inventory change and depreciation expenses, is anticipated to be \$40 to \$45 billion in 1988, 3 to 5 percent less than the 1987 record of \$45 billion (8 percent less after adjustment for inflation).

Net cash income likely will decline to the \$50 to \$55 billion range, after a record \$57 billion in 1987.

Net farm incomes in 1985-88 have been significantly higher than in the early 1980's. These income gains have occurred in spite of substantial deterioration in grain prices. The gains are due to 3 years of strong livestock profits, the combination of declining costs and record corn and soybean yields, extraordinary levels of Government support to crop farmers, a large decline in production expenses, and a \$60-billion decline in the agricultural debt burden.



## Price Trends Reversing

During 1985-87, farmers saw the price of corn, wheat, and soybeans decline sharply. On the other hand, livestock prices increased significantly from mid-1985 to mid-1987. It is likely that both of these trends have reversed. Food grain prices are forecast 5-7 percent higher, feed grain prices 8-12 percent higher, and livestock prices 4-6 percent lower in 1988.

The strong profit rebound in livestock enterprises since 1985 is about over. The outlook is for a period of stable returns for livestock and moderately increasing returns for crops.

Cash receipts from the sale of crop commodities in 1988 will increase \$2-\$4 billion to \$61-\$63 billion. This improvement will be led by a \$1-billion gain for wheat and rice combined, and more than \$1 billion each for cotton and corn. A substantial decline in corn receipts, not fully offset by higher Government payments, resulted in lower returns in 1987 for many corn producers.

The livestock sector in 1987 was characterized by 2-4 percent declines in receipts for cattle, broilers, eggs, and milk, and a large 10-15 percent decline for hogs. The coming year's livestock receipts of \$131-\$134 billion are only slightly higher than in 1979.

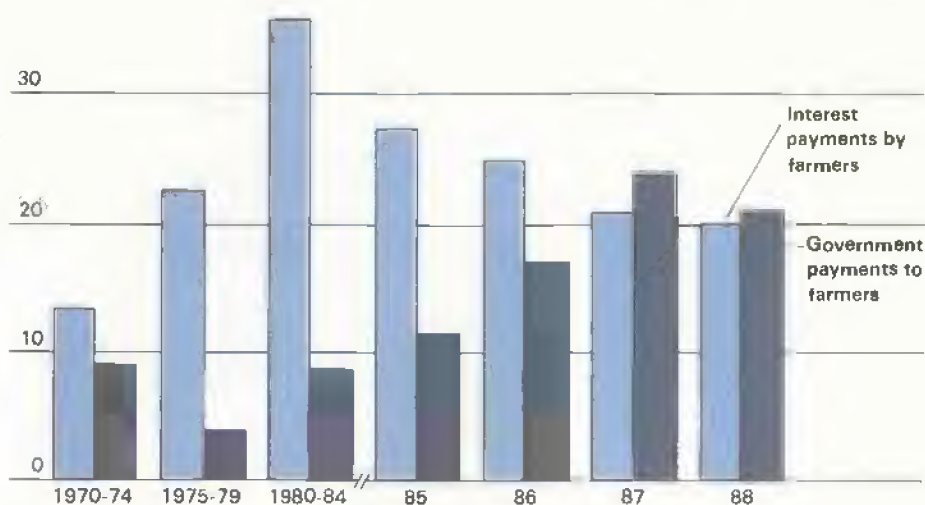
## Decline in Farm Expenses To End in 1988

After plummeting \$25 billion since 1984, total production expenses are projected to stabilize at \$117-\$119 billion in 1988. Changes include a 4- to 6-percent decline in interest expenses, a slight retreat in fixed overhead expenses (depreciation and rent), and a 3- to 4-percent increase in farm-origin inputs (feed, seed, etc.), manufactured inputs such as fertilizer and chemicals, and repair and labor expenses. Cash expenses, which do not include the effects of falling capital consumption, are projected to rise \$2 billion to \$98-\$100 billion.

The increase in cash expenses likely signals the end of a period of dramatically improving cost structure. Large additional declines in fuel, chemical, pesticide, and interest expenses are unlikely in the next few years. Further large reductions in acreage planted are also unlikely.

## Falling Interest Payments & Rising Government Payments Improve Farm Income

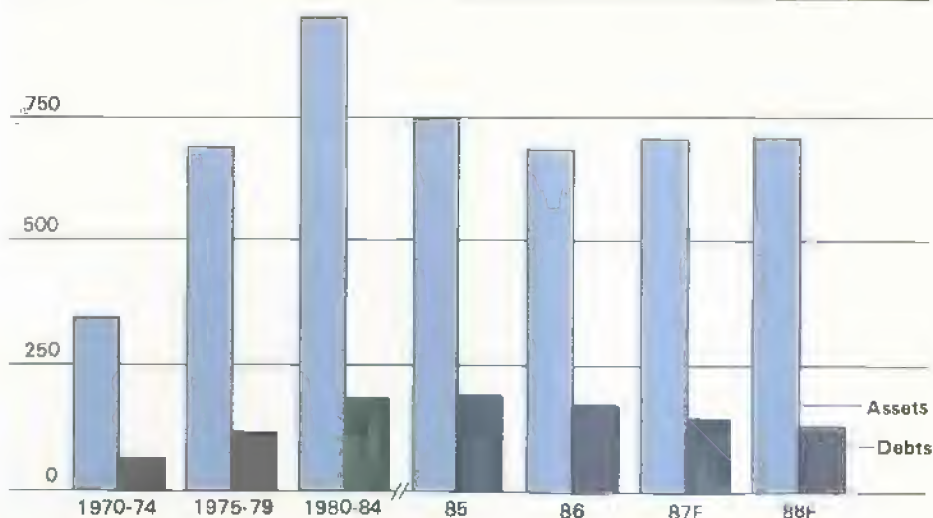
Percent\*  
40



\*Percent of sum of net cash income and interest payments.

## Farm Assets Changing Little in 1988, But Debts Still Falling

\$ billion  
1000



F=forecast.

## Government Supports Remain Critical to Producers

Government direct payments in 1987 represented 21 percent of cash income before interest. By contrast, this ratio averaged only 4 percent in 1975-79. Until the ratio declines substantially, recovery in the agricultural sector will be only partial. Large Government payments to farmers, in an era of big Government budget deficits, are an indication that U.S. agriculture has not fully achieved competitiveness.

Total Government direct payments and CCC outlays to producers are likely to stabilize in 1988; the 1987-88 average of about \$18 billion is 18 percent less than the 1985-86 average of \$21.7 billion.

Direct payments, which are largely not recoverable, are forecast to decline \$2-\$4 billion. The drop ends 3 years of increases. It is a second indication (in

# Farm Sector Income

Year	-----Current Income-----			-----Constant-dollar----- Income (\$1982)		
	Net cash	Net farm	Off-farm	Net cash	Net farm	Off-farm
\$ billion						
1975-79	30.8	23.6	28.0	45.4	34.9	41.2
1980-84	36.2	22.2	36.4	36.9	22.6	37.6
1985-86	49.7	34.9	43.6	44.1	31	38.7
1987F	57	45	47	49	39	42
1988F	50-55	40-45	48-50	41-45	34-38	41-44

F=forecast.

# Prices Received & Paid by Farmers, 1984-88

Item	1984	1985	1986	1987F	1988F
Percent Change from previous year					
Prices received					
Crops	8.6	-13.7	-12	-2	2
Livestock	3.5	-6.8	1	6	-5
All commodities	5.2	-9.9	-5	3	-3
Prices paid					
Production items	1.3	-0.1	-4	2	1
Commod. & services, interest, taxes, & wages	1.9	-1.2	-2	2	3
Farm-origin inputs	0.0	-7.6	-4	7	-1
Nonfarm-origin inputs	5.6	1.2	-4	-2	3

F=forecast.

# Farm Output, Input Use, & Productivity, 1984-88

Item	1984	1985	1986	1987F	1988F
Percent change from previous year					
Output					
Crops	26.1	5.4	-7.7	-1.9	0
Livestock	-1.9	2.7	.9	0	2
Total	16.7	6.3	-7.6	-1	0-1
Input use	1.0	-4.3	5.6	-5	-1
Productivity	17.3	9.4	-3.3	4	2

F=forecast.

addition to the overall 1987-88 decline in outlays) that Government supports in agriculture have begun to diminish.

The ratio of interest expense to cash income including interest expense indicates the size of farmers' debt-service burden. In 1980-84, interest obligations required 37 percent of income-plus-interest; this year, the interest burden is only 20 percent.

## Stronger Real Estate Market Is Vital Sign

Many farmers' finances strengthened in 1987 and will continue to improve moderately in 1988. The most important signal of the financial turnaround comes from the farm real estate market. Farm investors regained sufficient confidence during 1987 to bid up land prices by 8-10 percent in States such as Illinois, Iowa, Kansas, and Nebraska.

Farm real estate asset values likely rose \$15-\$25 billion nationwide in

1987, and could rise an additional \$5-\$10 billion in 1988. This turnaround, following annual declines of \$80 billion during 1984-86, significantly improves returns to investment. Higher land values also strengthen debt-carrying capacity.

Farmers' financial health will continue to improve on several fronts in 1988. Most of the gains are in land values and debt reduction.

Non-real estate assets are projected to decline 2-3 percent this year, because of a \$5-billion drop in the inventory of farm machinery and equipment. Increases in inventories of hogs and poultry will offset lower prices, leaving the value of livestock inventories stable.

The value of crop inventories is projected flat in 1988, as price increases for most major crops are offset by lower ending stocks. Farmers' financial assets in both 1987 and 1988 are up \$1 billion per year. In addition, producers have achieved large paydowns in their debt in recent years.

Rapid land value inflation is not foreseen. But, a stable or moderately strengthening land market in the remainder of the 1980's would be an indicator that the agricultural economy has turned the corner and that investors have renewed confidence in the long-run profitability of agriculture.

## Debt Keeps Falling

This likely will be the fourth consecutive year of large decreases in farm debt. The total debt reduction of \$60 billion in 1984-88 has come at great sacrifice on the part of producers and also lenders who have restructured and written off loans. Because of debt reduction, producers achieved a \$6-\$7 billion annual saving in interest. This saving is important to continued income stabilization.

Real estate debt of \$75-\$78 billion in 1988 will be 25 percent lower than in 1984; non-real estate debt of \$52-\$55 billion will be nearly 40 percent lower. Producers have cut their credit needs for planting, fertilizer and pesticides, and harvesting.

Advance payments for participation in Government programs and increased use of CCC loans have facilitated the reduction of non-real estate debt.



Lower input prices, reductions in plantings of program crops, and an enormous decline in machinery investment have also lowered the need for operating and intermediate-term loans.

### Financial Stress Lessening

Statistics are not readily available on farm foreclosures and voluntary exits because of financial difficulties. However, farm numbers declined by almost 300,000 in the 1980's, and a substantial proportion of this decline was no doubt due to financial stress.

Several alternative measures suggest that from 9 to 16 percent of commercial farms were financially stressed at the end of 1986. These farms held from 20 to 35 percent of commercial farm debt. However, the percent of farms in difficulty and the percent of farm debt at risk both declined during 1984-86.

The Midwest has the most farms in stress, because of the high number of commercial-size farms in the Corn Belt and Plains States, and the big price declines for corn, soybeans, and wheat. Also, land price declines were largest in absolute size and proportion in the Midwest. In early 1987, however, improved livestock returns, Government supports for food and feed grains, and farmers' cost-cutting reduced financial stress in the Midwest from the year before.

There was a shift of financial stress into the Southern Plains, Delta, and Southeast between 1984 and 1986; the incidence of stress increased from about 17 to 21 percent in these three regions together.

The Midwest will continue to make gains in financial health in early 1988. Solid profits in livestock enterprises and outstanding yields for corn and soybeans in 1986-87 partially compensated for declining crop prices. Prospects for income recovery are also excellent for many farmers in the South. In 1987, improved rice and cotton yields, higher cattle profits, and generally better growing and harvest conditions helped Southern producers.

Broad financial stabilization and recovery were clearly in evidence in 1987 and are likely to continue in

early 1988. However, there are notable weaknesses remaining, especially in export commodities such as corn, soybeans, and wheat. The financial position of many crop and livestock producers is still fragile. Nevertheless, institutional changes made in 1985 farm legislation and the 1986 Tax Reform Act are likely to result in a more cost-competitive agricultural sector. [Gregory Hanson, Richard Kodl, Gary Lucier, and Kenneth Erickson (202) 786-1801]

## Upcoming Economic Reports

### Summary Released Title

#### January

- 14 World Ag. Supply & Demand
- 19 Livestock & Poultry
- 20 Dairy
- 27 Agricultural Resources
- 28 Oil Crops
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#### February

- 9 World Ag. Supply & Demand
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- Foreign Ag. Trade of the U.S.



## World Agriculture and Trade

### FAVORABLE OUTLOOK FOR TRADE

*Remarks by Thomas Kay, Administrator, Foreign Agricultural Service, at the 1988 USDA Outlook Conference*

Fiscal 1988 is going to be a big year for bulk commodity sales—that is already apparent from the pace of the first few months. The U.S. share of world trade volume in bulk commodities may reach 49 percent, increasing 5 percentage points from 1986/87, to the highest since 1982/83. In fiscal 1987, the U.S. share was up about 4 percentage points from the year before.

For individual commodities, forecasts for fiscal 1988 include:

- U.S. wheat and flour exports are expected to rise 25 percent. Both the USSR and China are expected to buy sizable quantities of wheat. The United States is projected to capture 39 percent of the world wheat market, up 7 percentage points from 1986/87.
- U.S. coarse grain exports are expected to rise 10 percent, the second year in a row that volume will go up sharply. Meanwhile, export value will likely increase for the first time since fiscal 1984. The

U.S. share of the world's coarse grain trade value is expected to expand 4 percentage points to 61 percent.

- The export value of U.S. oilseeds and products is expected to rise, in spite of strong competition from South America and increasing production in the EC, the major U.S. market for these commodities. Recent large sales of soybeans and soybean meal to the USSR represent a significant trade breakthrough.
- U.S. cotton prospects for fiscal 1988 are bright. Production is estimated at 14.3 million bales—up 47 percent from a year ago. Higher demand should prevent rebuilding of stocks. Domestic consumption is forecast at 7.8 million bales, the largest in recent years. Exports are forecast at 7.2 million bales, a gain of 12 percent.

#### **Lower Valued Dollar Will Help High-Value Exports**

U.S. high-value products, which bucked the downtrend that affected bulk commodity exports in recent years, remain a bright spot. Sales of these products were nearly half the value of all U.S. farm exports in fiscal 1987, and they are likely to get a further boost in 1988 from the recent decline in the dollar. In fact, the attractive price for U.S. high-value products in the European market may make for a surge in sales there.

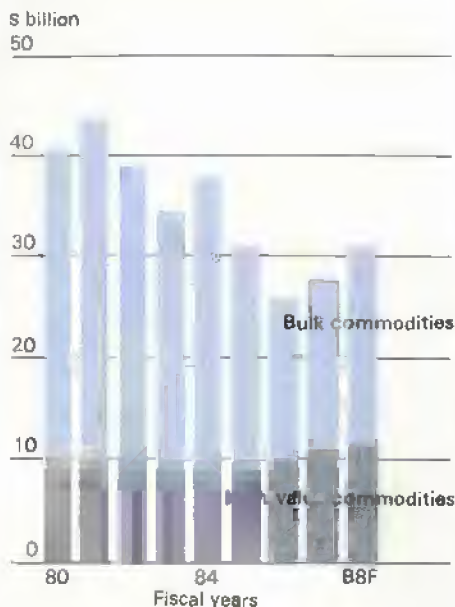
The export value of beef, veal, poultry meat, and poultry products rose about one-third in 1987 with some assistance from Government export programs. Export values of these items are expected to remain strong in 1988 as the declining dollar and lower feed prices make U.S. poultry and beef more attractive in commercial markets.

Worldwide, the Targeted Export Assistance Program, which helps U.S. exporters counter the effects of unfair trading practices by foreign competition, also is enhancing the sales prospects for U.S. high-value products.

A number of economic factors are converging with Government policy and program decisions to produce the favorable general outlook.

Government policies to bring the U.S. through the transition to a market-oriented agriculture are beginning to

#### **Value of Bulk Commodity Exports Begins To Recover**



F=forecast.

have an impact on domestic supply and export trade. Lower loan rates for grain crops and an array of Government programs to make the United States a more competitive player in the world marketplace have put the U.S. back in the ball game in bulk commodity trade.

To bring domestic and export prices more in line with world supply, the U.S. has lowered the loan rate by 32 percent for feed grains, 34 percent for wheat, and more than 18 percent for rice. The Export Enhancement Program, created by the Food Security Act of 1985 to permit recovery of slumping export sales, helped sell about 20 million tons of grain overseas in fiscal 1987.

As a result, U.S. wheat stocks declined by 2 million tons and are expected to fall another 14.6 million in 1988. Rice stocks in the United States are down to pipeline levels and are expected to decline 50 percent from 1987.

This aggressive export effort has been accompanied by continued U.S. willingness to share the responsibility for the oversupply problem which besets all agricultural exporters. Conservation and paid land diversion programs idled over 71 million acres in 1987. That is equal to about one-third of the arable land in European Community, which, by the way, has made no cut-backs in agricultural land.

As of mid-December, target prices were scheduled to be cut by 2 percent across the board. The United States will continue to pursue this mixture of policies, demonstrating a willingness both to eliminate incentives for overproduction at home and to make it expensive for other advanced agricultural exporters who fail to do the same.

Excluding the United States, world wheat production is off about 5 percent from a year ago, and coarse grain and rice production are down slightly. Among the major U.S. competitors for the world wheat market, both Australia and Canada have sharply smaller crops.

Coarse grain crops in Eastern Europe, generally an importing region, are down more than 10 percent. Drought in India reduced that country's oilseed crop. These developments point to expanded opportunities for the United States.

World cotton production prospects of 76.8 million bales are above last year. World consumption will be down slightly. However, smaller global carryin stocks have reduced world supplies. Ending stocks for fiscal 1988 are expected to drop 5.8 million bales to 25.8 million.

On the demand side, with the recession of the early 1980's behind them, consumers in developed countries are poised to spend more on food, clothing, and other goods. This is occurring at the same time that the declining value of the U.S. dollar is making U.S. products less expensive for foreign buyers.

Since March 1985, the U.S. dollar has fallen sharply against the world's major currencies. This is particularly beneficial to our specialty crops and high-value products. Although the exchange rate shift has helped the United States, it also has improved the situation of some of our competitors.

#### **Most Promising Market: Pacific Rim Countries**

The Pacific Rim not only holds the largest block of U.S. customers, but also has the fastest growing economies in the world. U.S. exports there are projected to rise about 14 percent.

Japan's strong economy is fueling domestic spending. This, along with the

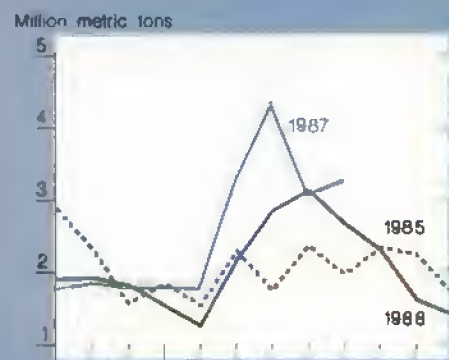


# U.S. Agricultural Trade Indicators

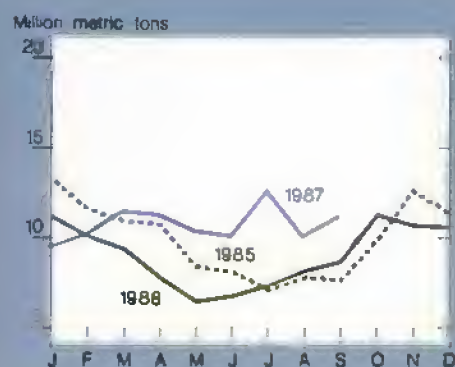
## U.S. agricultural trade balance



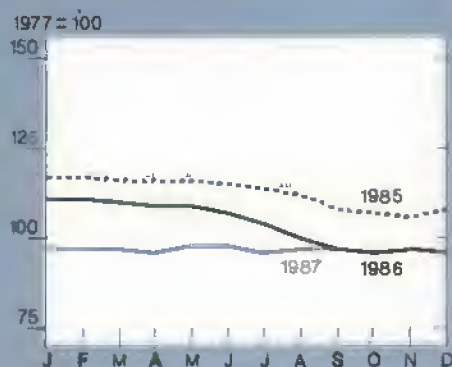
## U.S. wheat exports



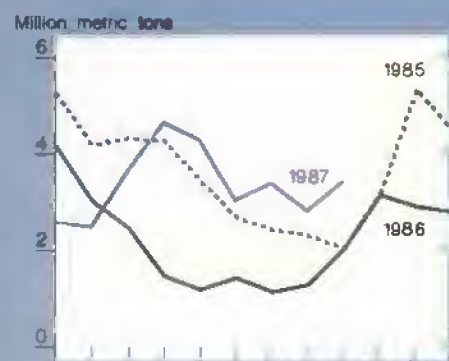
## Export volume



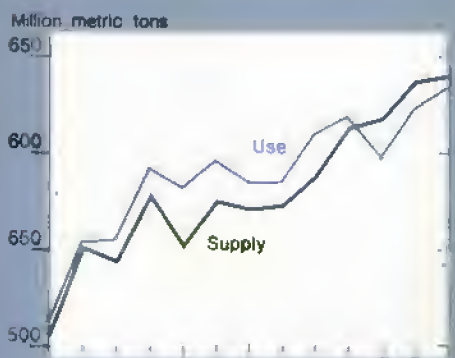
## Index of export prices



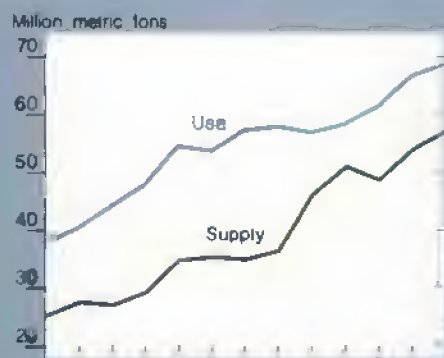
## U.S. corn exports



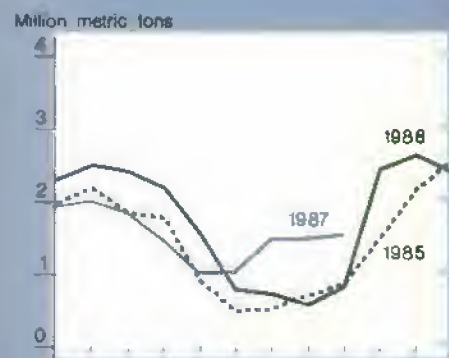
## Foreign supply & use of coarse grains



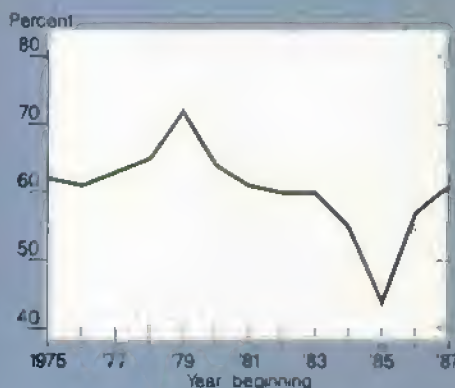
## Foreign supply & use of soybeans



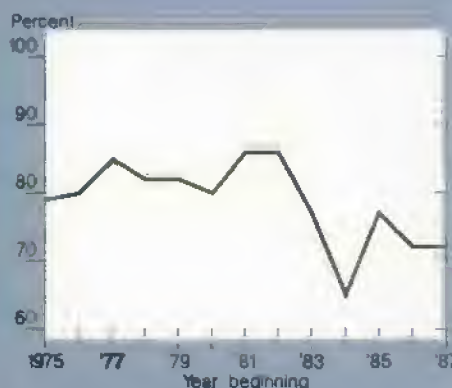
## U.S. soybean exports



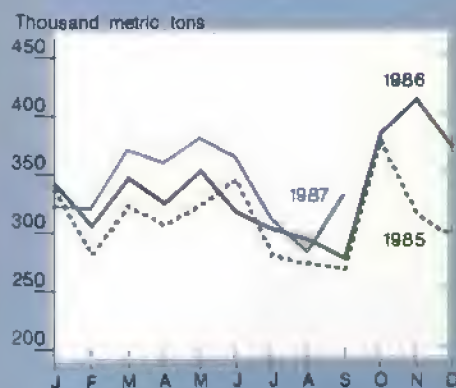
## U.S. share of world coarse grains exports<sup>1,2</sup>



## U.S. share of world soybean exports



## U.S. fruit & vegetable exports<sup>3</sup>



<sup>1</sup>Excluding intra-EC trade <sup>2</sup>October-September years

<sup>3</sup>Includes fruit juices.

high-valued yen, is contributing to increased demand for imported feed grains, cotton, and livestock products. In addition, U.S. exports to Korea and Taiwan are expected to rise as economies there continue strong and the relative position of the dollar improves U.S. trade terms. Japan's efforts to reduce huge trade surpluses with the United States by "buying American" should fuel U.S. exports to this region.

U.S. exports of farm goods to the European Community are expected to continue rising in fiscal 1988. Following several years of decline, U.S. sales to the European Community rose 5 percent in 1987. Further gains are foreseen this year, particularly in high-value products.

After increasing almost one-quarter in 1987, U.S. exports to Canada are forecast to increase again in 1988, as Canada's economic performance continues to improve.

U.S. exports to the USSR, which fell in 1987, are expected to rebound in 1988. Sales of soybeans and products have already topped 2.1 million metric tons this fiscal year.

The recent Soviet purchase of 1.3 million metric tons of soybean meal is believed to represent half of the Soviet meal imports for 1987/88. The Soviets' desire to expand their livestock industry appears to be a key factor in their purchases. The Soviet Union has also been an active participant in U.S. grain markets, buying 4.1 million metric tons of U.S. wheat and coarse grains as of the end of November.

China is once again in the U.S. grain market. The Chinese are eligible to buy another 2 million tons of U.S. wheat under the Export Enhancement Program. Purchases since January 1987 total 2.3 million metric tons. Thailand, a major U.S. competitor in the rice and corn markets, was affected by a failed monsoon. Weather also hurt other markets in that region. The situation should provide opportunities for U.S. exports, especially corn.

In other words, after years of dealing in a buyer's market, the U.S. seems to be in for solid recovery in fiscal 1988. The nation appears to be in a good position to make sales in a market that has notably improved over the past 2 years. Farm programs have

been adjusted so that the United States is now competitive in the world marketplace, the dollar is priced attractively against currencies of a number of key importing and competitor countries, and supplies are ample to meet the buyers' needs.

### **Volume May Rise 8 Million Tons**

Adding these supply and demand factors together, U.S. export volume is projected to rise to 141 million tons in 1988, up 11 million tons or 8 percent from 1987. On a percentage basis, that is on a par with the annual gains many years during the "Soaring Seventies."

Continued growth in U.S. export volume past 1988 is likely. Although prices have improved somewhat, a stock overhang continues in the market, especially in the grains sector. Full price recovery will not occur until these stocks are reduced. There has been some encouraging reduction in the stocks of the Commodity Credit Corporation. U.S. export value is forecast to total \$32 billion, up \$4.1 billion or 15 percent from 1987.

Agricultural imports for 1988 are projected at \$20.5 billion—nearly the same as 1987. With imports at that level, the 1988 U.S. agricultural trade surplus should reach \$11.5 billion, bettering the 1987 figure by more than \$4 billion. Since the two monthly trade deficits experienced in the summer of 1986, the United States has run consistent agricultural trade surpluses, including a \$720-million surplus in July. Further improvement can be expected in the months to come.



## **Food and Marketing**

### **1988 OUTLOOK FOR FOOD PRICES**

Retail food prices will climb more slowly in 1988 than in 1987 because of lower meat and poultry prices. Larger supplies and lower prices for pork and poultry will keep beef prices from rising, even though beef supplies will decline.

Marketing costs will climb at about the same rate as general inflation, having a strengthening effect on retail prices. Consumer demand will be steady. Retail food prices will rise 2 to 4 percent.

The CPI for food in 1987 rose at a slightly stronger pace (4.1 percent) than in the preceding few years. Prices of food sold in grocery stores rose 4.0 percent and prices of food sold in restaurants and fast food establishments gained 4.1 percent. The CPI for all goods and services was about 3.5 percent higher for 1987 than for 1986.

Major factors influencing retail food prices are farm prices, costs of processing and distributing food, and consumer demand. Higher farm prices for a few commodities had a significant impact on retail prices in 1987. Costs of processing and distributing food rose slightly because of higher oil prices and some increase in labor costs.

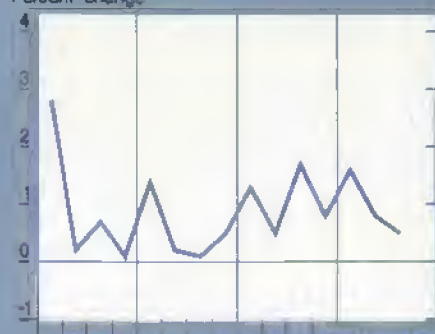
Consumer demand for food last year remained stable because disposable



# Food and Marketing Indicators

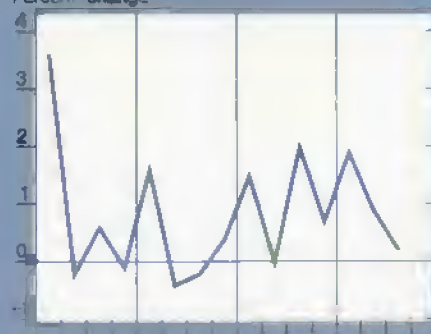
CPI: Total food<sup>o</sup>

Percent change



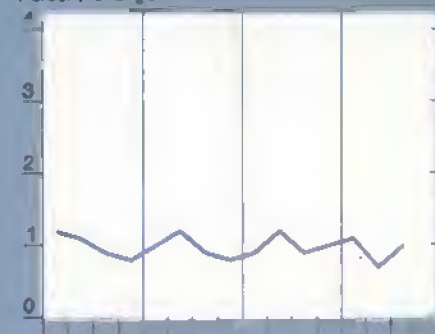
CPI: Food at home<sup>o</sup>

Percent change



CPI: Food away from home<sup>o</sup>

Percent change



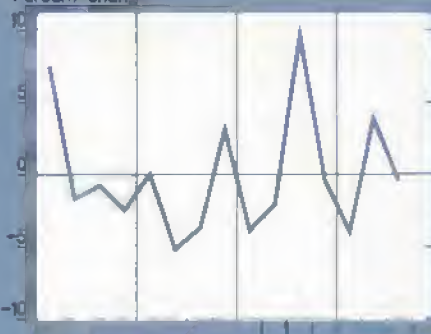
Retail cost of food<sup>1</sup>

Percent change



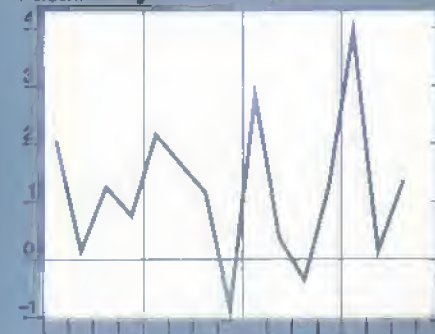
Farm value of food<sup>1</sup>

Percent change



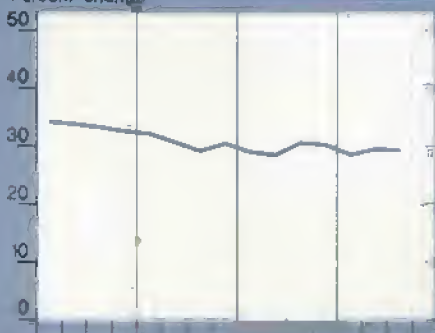
Farm-retail spread<sup>1</sup>

Percent change



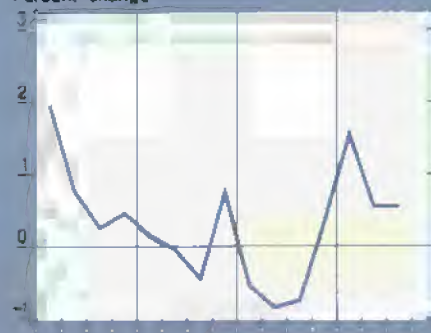
Farm value/retail cost<sup>1</sup>

Percent change



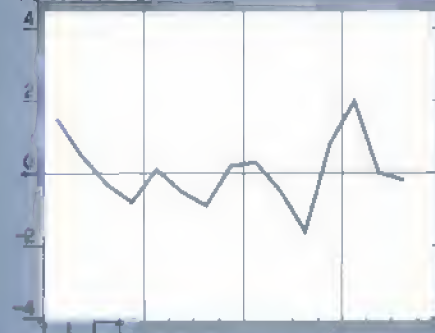
Food marketing cost index<sup>2</sup>

Percent change



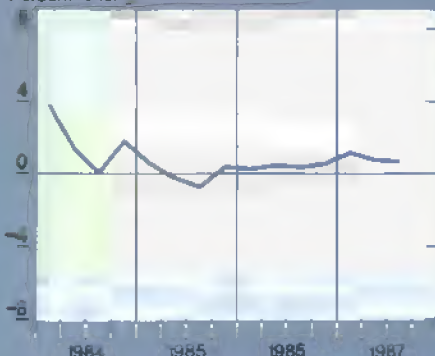
Index of hourly earnings<sup>3,4</sup>

Percent change



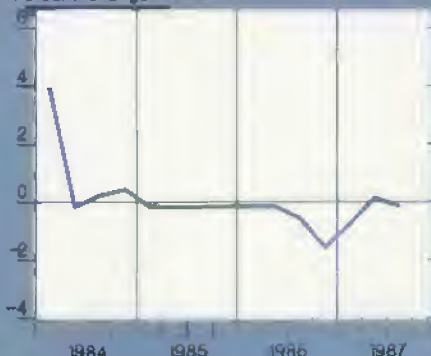
Index of packaging prices<sup>4</sup>

Percent change



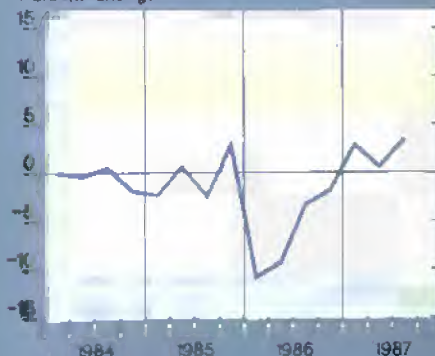
Index of rail freight rates<sup>4</sup>

Percent change



Index of energy rates<sup>4</sup>

Percent change



<sup>o</sup>CPI unadjusted. <sup>1</sup>Index based on market basket of farm foods. <sup>2</sup>Index of changes in labor, packaging, transportation, energy, and other marketing costs in food retailing, wholesaling, and processing. <sup>3</sup>Component of food marketing cost index. <sup>4</sup>All series expressed as percentage change from preceding quarter, except for "Farm value/retail cost" chart.

# Retail Food Prices, 1986-88

	1986	1987	1988
Percent change from a year earlier			
Consumer price indexes			
All food	3.2	4.1	2 to 4
Food away from home	3.9	4.1	3 to 5
Food at home	2.9	4.0	0 to 2
Meat, poultry, & fish	4.3	6.0	-2 to -4
Meats	3.2	7.0	-2 to -4
Beef & veal	0.6	7.1	-1 to 1
Pork	8.2	8.3	-9 to -11
Other meats	2.6	5.7	-2 to -4
Poultry	7.5	-1.7	-7 to -10
Fish & seafood	9.2	10.7	8 to 12
Eggs	6.9	-6.4	1 to 3
Dairy products	0.2	2.4	-1 to 2
Fats & oils	-2.2	1.7	1 to 3
Fruits & vegetables	0.9	7.2	0 to 2
Fresh fruits	2.1	9.7	1 to 3
Fresh vegetables	4.0	9.3	-2 to 2
Processed fruits & veg.	-1.6	3.5	1 to 3
Sugar & sweets	3.2	1.8	1 to 3
Cereals & bakery prod.	2.8	3.7	3 to 5
Nonalcoholic beverages	5.9	-2.5	2 to 4
Other prepared foods	2.6	4.4	3 to 5

1987 and 1988 forecast.

Source of historical data: Bureau of Labor Statistics, U.S. Department of Labor. Forecasts: Economic Research Service, U.S. Department of Agriculture.

# Farm Value of Market Basket Down, 1986-88

	1986	1987	1988
Percent change from a year earlier			
Retail cost	2.2	4.8	1 to 3
Farm-to-retail spread	3.7	5.7	3 to 5
Farm value	-1.3	2.9	-1 to -3

1987 and 1988 forecast.

Source: Economic Research Service, USDA.

personal income, adjusted for inflation, rose very little. Farm prices for meat, fresh fruits, and fresh vegetables had the strongest impact on retail food prices. Lower fruit and vegetable supplies, along with smaller red meat supplies, drove farm prices higher.

## Fresh Fruit Prices Rising More Slowly

In 1988, the CPI for fresh fruit is expected to increase 1 to 3 percent, a much lower rate than last year. Higher prices for oranges will be partially offset by lower prices for other fruits, particularly apples.

Apples, oranges, and bananas account for 44 percent of consumer expendi-

tures for fresh fruit. Higher prices of apples and oranges pushed the 1987 price index nearly 10 percent above 1986. Summer fruits were plentiful, with prices below 1986, but these fruits carry less weight in the index than apples and oranges.

The CPI for fresh vegetables in 1988 is expected to average at or slightly below 1987. Good returns last year likely will induce more production in 1988. With larger supplies, farmers' prices will probably be stable or fall slightly.

The CPI for fresh vegetables in 1987 averaged 9 percent above 1986. Smaller supplies of potatoes, lettuce, and winter vegetables were the primary cause.

## Meat Prices To Decline

Beef supplies will keep decreasing in 1988, but pork and poultry supplies will continue to rise. Per capita consumption of red meat and poultry will go up to more than 222 pounds, from 216 in 1987. With larger supplies, retail pork prices are expected to drop 9 to 11 percent, and retail poultry prices will likely be down 7 to 10 percent.

In 1987, retail beef and pork prices averaged 7 to 8 percent above 1986; poultry prices were about 2 percent below 1986. Higher red meat prices accounted for a large part of the rise in food prices.

Retail prices of most other foods rose less in 1987 than the CPI for all food. The CPI for eggs averaged around 6 percent below 1986 because of larger total supplies and reduced demand. The nonalcoholic beverage CPI declined about 2.5 percent from 1986 because of lower coffee prices. Dairy product prices increased about 2.5 percent, mainly because of higher processing costs. The CPI for cereals and bakery products increased 3.7 percent because of higher processing and distribution costs.

Last year was the second year of strong increases in fish and seafood prices—up 10.7 percent. Demand for fish and seafood is extremely strong. Per capita consumption of fish was 12.8 pounds in 1980, 14.4 in 1985, and 14.7 in 1986.

Consumption probably was stable in 1987 because world fish and seafood supplies were declining, but demand remained strong and prices rose. The United States and Canada have taken measures to limit the quantities of certain species that commercial fishermen can catch until fish populations increase.

In 1988 the fish supply will not expand, and prices will be higher in world markets. Since much fish consumed in the United States is imported, the declining value of the dollar will play a role in higher prices here.

## Market Basket of Food Cost 4.5 Percent More Last Year

Market basket statistics describe the retail cost, the farm value, and the farm-to-retail price spread for a fixed





## Database Available

### For Your Convenience:

AO Annual Yearbook data, updated through July 1987, are now available on personal computer diskettes. Ordering information is provided below.

For further information contact: Evelyn Blazer,  
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Please send me \_\_\_ set(s) of AO Yearbook (DD87006A), Lotus 1-2-3 (Version 1), Worksheets (3 disks). Enclose your check or money order for \$40 per set, payable to ERS/DATA. Mail your money and this coupon to: ERS/DATA, 1301 New York, NW, Room 228, Washington, DC 20005-4788

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market basket of domestically produced foods. The farm value of food accounts for about 30 percent of the retail cost.

The retail cost of the market basket increased 4.5 percent in 1987. Contributing to the rise were a 2.9-percent climb in the farm value and a 5.7-percent increase in the farm-to-retail price spread.

The farm value rise came from higher farm prices for beef, pork, and fresh fruits and vegetables. Rises in the farm value of these commodities more than offset lower values for poultry, eggs, cereal and bakery products, and fats and oils.

The farm-to-retail price spread accounts for the cost of processing and distributing foods. Labor, packaging, transportation, and energy make up roughly two-thirds of all marketing costs. Prices of inputs increased about 2 percent last year and input use expanded, including more advertising and capital borrowing. [Ralph Parlett (202) 786-1870]

### Upcoming Releases from the Agricultural Statistics Board

The following list gives the release dates of the major Agricultural Statistics Board reports that will be issued by the time the March *Agricultural Outlook* comes off press.

#### January

- 5 Egg Products
- 6 Hogs & Pigs
- Celery
- Dairy Products
- 7 Poultry Slaughter
- 8 Vegetables
- Vegetables Preliminary
- 11 Crop Production
- 13 Noncitrus Fruits & Nuts-Annual
- Turkey Hatchery
- Turkeys
- 14 Crop Production-Annual
- Winter Wheat & Rye Seedings
- Grain Stocks
- Rice Stocks
- 15 Milk Production
- Potato Stocks
- 20 Catfish
- 22 Cattle on Feed
- Livestock Slaughter
- Cold Storage
- 27 Peanut Stocks & Processing
- 28 Crop Values
- 29 Eggs, Chickens, & Turkeys
- Layers & Egg Prod.-Annual
- Agricultural Prices

#### February

- 3 Dairy Products
- 4 Egg Products
- Poultry Slaughter
- 5 Celery
- Cattle
- Sheep & Goats
- 9 Crop Production
- 11 Farm Labor
- 12 Turkey Hatchery
- 16 Potato Stocks
- Cattle on Feed
- 17 Sugar Market Statistics
- 19 Catfish
- 22 Cold Storage
- Livestock Slaughter
- 24 Eggs, Chickens, & Turkeys
- 26 Milk Production
- Capacity of Refrigerated Warehouses
- 29 Peanut Stocks & Processing
- Agricultural Prices

# Subject Index (1983-1987)

References are coded "month/page." Example:  
6/5 means June issue, page 5.

Acresage reduction programs: 1986--3/22, 23,  
4/9, 8/13, 9/30, 10/27, 31, 11/13, 12/22, 26;  
1987--11/19, 23 (see also **Commodity**  
programs--1982-83 and 1983-84, and  
Payment-in-Kind program)

## Africa--

North Africa (see **Exports--Forecasts** by  
region)

South Africa: 1986--11/25

Sub-Saharan Africa: 1984--3/24;  
1985--10/27; 1986--5/18

Agricultural exports (see **Exports, U.S.**  
agricultural)

Agricultural imports (see **Imports, U.S.**  
agricultural)

Agricultural Programs Adjustment Act of 1984:  
1984--4/15, 12/29

Agriculture and Food Act of 1981: 1984--12/28

Agriculture and the U.S. economy: 1985--12/2;  
1986--11/2, 12/26; 1987--10/2, 12/2

Almonds: 1987--8/16

Argentina (see **Southern Hemisphere**)

Asia market (see also **individual countries**):  
1986--1-2/13, 4/15

Banks: 1987--3/20, 10/25 (see also **Farm Credit**  
System)

Barges (see **Transportation**)

Brazil (see **Southern Hemisphere**)

Broiler industry, U.S.: 1986--7/22

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NOTE: Each issue of *Agricultural Outlook* contains highlights of the situation and outlook for the following commodities--

- **Livestock:** cattle, hogs, broilers, eggs, turkeys, dairy
- **Crops:** wheat, rice, feed grains, oilseeds, cotton, tobacco, sugar, vegetables, fruit

These commodity summaries are included in the "Agricultural Economy" section.

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 Farm Finance: 1-2/24, 3/15, 5/16, 6/19, 8/23, 9/22, 25, 10/23, 11/18, 12/18  
 Food and Marketing: 5/22, 8/20, 10/33  
 General Economy: 3/16, 7/20, 10/26  
 Inputs (see Resources)  
 Resources: 3/21, 6/24, 7/24, 8/19, 9/18, 20, 10/19, 11/19, 12/23  
 Transportation: 4/14, 6/22, 7/23, 10/17 (storage)  
 World Agriculture and Trade: 3/12, 4/11, 5/18, 7/16, 10/15, 12/20

##### • *Commodity spotlights*

Almonds: 8/16  
 Butter and margarine: 3/12  
 Cattle/beef: 4/9, 7/11, 9/13, 10/11  
 Cigarette consumption: 3/10  
 Crop yields: 10/12  
 Cropland: 7/13  
 Dairy farms: 6/11  
 Electronic trading: 5/14  
 Fresh produce: 6/15  
 Generic certificates: 12/14  
 Grain prices: 6/12  
 Hogs/pork: 5/10, 5/11, 8/12, 12/12  
 Irradiation: 7/15  
 Marketing orders: 9/16  
 Meat: 3/11  
 Oats: 12/12  
 Oilseeds/vegetable oil: 7/12, 12/17  
 Peanuts: 4/10  
 Rice: 11/14  
 Soybeans: 5/12  
 Sugar/HFCS: 6/17, 10/13  
 Turkeys: 11/13  
 Vegetables: 11/15, 12/15  
 Wheat: 8/13, 9/14  
 Wool: 6/18

##### • *Special reports*

"Agriculture and the 100th Congress," 3/24  
 "Agricultural Debt at Risk: How Much Do Farm Lenders Stand to Lose?" 3/27

"Controlling Farm Pollution of Coastal Waters," 11/24  
 "Debt Still Overhangs Third World Economies," 7/26  
 "Disparities in Parity," 8/40  
 "Export Growth Markets for U.S. Grains and Oilseeds," 8/37  
 "The Farm Economy May Have Turned the Corner," 6/27  
 "Fundamental Changes Ahead for the Farm Credit System," 12/25  
 "Generic Certificates Help Meet Goals of the 1985 Farm Act," 4/16  
 "How Demographics Will Change Food Consumption by 2005," 4/34  
 "Immigration Reform and U.S. Farm Labor," 5/26  
 "The Long-Range Outlook for China's Agricultural Production & Trade," 12/29  
 "Marketing Loans vs. Other Program Options for Wheat, Feed Grains, & Soybeans," 9/31  
 "The Outlook for Cereal Production in the Third World," 6/34  
 "The Outlook for Farm Program Spending," 4/24  
 "Policies for Boosting Third World Grain Imports," 9/28  
 "'Quick PIK' Tax Ruling Revoked; Other Tax Problems Vex Farmers," 11/27  
 "Soil Erosion: Dramatic in Places, But Not a Serious Productivity Threat," 4/28  
 "Some International Experiences with Mandatory Supply Controls," 5/29

# Statistical Indicators

## Summary Data

Table 1.—Key Statistical Indicators of the Food & Fiber Sector

	1987					1988				
	I	II	III	IV F	Annual F	I F	II F	III F	Annual F	
Prices received by farmers (1977=100)	122	128	128	125	126	--	--	--	--	--
Livestock & products	143	148	151	146	147	139	--	--	--	137
Crops	100	107	105	106	104	--	--	--	--	--
Prices paid by farmers, (1977=100)										
Prod. items	143	147	149	151	147	151	--	--	--	149
Commodities & services, int., taxes, & wages	159	162	164	166	163	166	--	--	--	166
Cash receipts (\$ bil) 1/	130	128	135	136	131-133	--	--	--	--	--
Livestock (\$ bil)	73	72	78	74	73-75	--	--	--	--	--
Crops (\$ bil)	57	56	59	64	56-58	--	--	--	--	--
Market basket (1967=100)										
Retail cost	299	303	305	301	302	--	--	--	--	--
Farm value	234	245	245	236	240	--	--	--	--	--
Spread	336	336	341	343	339	--	--	--	--	--
Farm value/retail cost (%)	29	30	30	30	30	--	--	--	--	--
Retail prices (1967=100)										
Food	330	332	335	333	332	336	--	--	--	--
At home	316	319	319	316	317	319	--	--	--	--
Away-from home	370	372	378	379	374	382	--	--	--	--
Agricultural exports (\$ bil) 2/	6.9	6.5	6.9	8.4	27.9	8.6	7.3	6.7	32.0	
Agricultural imports (\$ bil) 2/	5.5	5.3	4.8	5.0	20.6	5.5	5.0	5.0	20.5	
Production: *										
Red meat (mil lb)	9,485	9,238	9,624	10,140	38,487	9,660	9,595	9,730	38,730	
Poultry (mil lb)	4,533	4,932	5,193	5,030	19,688	4,865	5,300	5,385	20,675	
Eggs (bil doz)	1,443	1,438	1,439	1,485	5,804	1,450	1,440	1,415	5,770	
Milk (bil lb)	34.9	37.3	35.8	34.1	142.1	35.6	37.8	36.0	144.0	
Consumption, per capita:										
Red meat and poultry (lbs)	52.4	52.9	54.2	57.3	216.9	54.2	55.1	56.0	221.9	
Corn beginning stocks (mil bu) 3/	10,304.1	8,248.2	6,332.2	4,882.0	4,882.0	--	--	--	--	
Corn use (mil bu) 3/	2,056.2	1,916.5	1,450.7	--	7,412.3	--	--	--	--	
Prices: 4/										
Choice steers--Omaha (\$/cwt)	60.46	68.60	65.04	64-65	64-65	62-66	64-70	62-68	62-68	
Barrows and gilts--7 mks. (\$/cwt)	48.11	56.18	58.97	43-44	51-52	41-45	37-43	37-43	37-43	
Broilers--12-city (cts/lb)	50.0	48.2	48.7	43-44	47-48	41-45	41-47	41-47	40-46	
Eggs--NY Gr. A large (cts/doz)	64.8	58.9	63.5	57-59	61-62	56-62	55-61	60-66	59-65	
Milk--all at plant (\$/cwt)	12.90	12.07	12.33	12.80-13.20	12.50-12.65	12.00-12.80	11.20-12.00	11.20-12.00	11.70-12.50	
Wheat--Kansas City HRW (\$/bu)	2.80	2.94	2.65	--	--	--	--	--	--	
Corn--Chicago (\$/bu)	1.56	1.82	1.68	--	--	--	--	--	--	
Soybeans--Chicago (\$/bu)	4.87	5.37	5.17	--	--	--	--	--	--	
Cotton--Avg. spot mkt. (cts/lb)	55.5	64.7	73.5	--	--	--	--	--	--	
	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F	
Gross cash income (\$ bil)	143.3	146.0	150.6	150.4	155.1	156.9	152.0	155	152-154	
Gross cash expenses (\$ bil)	109.1	113.2	112.5	113.3	116.3	109.6	100.1	97	98-100	
Net cash income (\$ bil)	34.2	32.8	38.1	37.1	38.8	47.3	52.0	57	50-55	
Net farm income (\$ bil)	16.1	26.9	23.5	12.7	32.0	32.3	37.5	45	40-45	
Farm real estate values (1977=100) 5/	145	158	157	148	146	128	112	103	--	

1/ Quarterly data seasonally adjusted at annual rates. 2/ Annual data based on Oct.-Sept. fiscal years ending with year indicated. 3/ Dec.-Feb. first quarter; Mar.-May second quarter; June-Aug. third quarter; Sept.-Nov. fourth quarter; Sept.-Aug. annual. Use includes exports and domestic disappearance. 4/ Simple averages. 5/ As of February 1. F = forecast. \* = commercial production.



# U.S. and Foreign Economic Data

Table 2.—U.S. Gross National Product & Related Data

	Annual			1986		1987		
	1984	1985	1986	III	IV	I	II	III R
\$ billion (Quarterly data seasonally adjusted at annual rates)								
Gross national product	3,772.2	4,010.3	4,235.0	4,265.9	4,288.1	4,377.7	4,445.1	4,520.5
Personal consumption expenditures	2,430.5	2,629.4	2,799.8	2,837.1	2,858.6	2,893.8	2,943.7	3,006.7
Durable goods	335.5	368.7	402.4	427.6	419.8	396.1	409.0	434.8
Nondurable goods	867.3	913.1	939.4	940.0	946.3	969.9	882.1	987.2
Clothing & shoes	146.7	157.2	167.5	169.8	169.6	174.0	175.8	178.8
Food & beverages	448.5	472.8	497.8	489.6	507.5	514.8	515.0	514.7
Services	1,227.6	1,347.5	1,458.0	1,468.5	1,492.4	1,527.7	1,552.6	1,584.7
Gross private domestic investment	664.8	641.6	671.0	660.8	660.2	699.9	702.6	707.4
Fixed investment	597.1	631.6	655.2	657.3	666.6	648.2	662.3	684.9
Change in business inventories	67.7	10.0	15.7	3.5	-6.4	51.6	40.3	22.5
Net exports of goods & services	-58.9	-79.2	-105.5	-110.5	-116.9	-112.2	-118.4	-119.8
Government purchases of goods & services	735.9	818.6	869.7	878.5	886.3	896.2	917.1	926.1
1982 \$ billion (Quarterly data seasonally adjusted at annual rates)								
Gross national product	3,501.4	3,607.5	3,713.3	3,718.0	3,731.5	3,772.2	3,795.3	3,833.4
Personal consumption expenditures	2,249.3	2,352.6	2,450.5	2,477.5	2,480.5	2,475.9	2,487.5	2,517.2
Durable goods	323.1	352.7	383.5	405.5	399.0	375.9	385.4	405.4
Nondurable goods	825.9	849.5	877.2	879.8	880.3	883.2	879.0	876.3
Clothing & shoes	142.2	147.9	158.0	160.4	158.4	160.4	157.3	161.8
Food & beverages	422.8	436.5	444.9	442.2	444.0	447.5	441.6	437.7
Services	1,100.3	1,150.4	1,189.8	1,192.2	1,201.1	1,216.9	1,223.1	1,235.4
Gross private domestic investment	658.4	636.1	654.0	645.0	631.0	671.8	673.7	682.0
Fixed investment	596.1	628.7	640.2	638.8	645.4	624.2	634.7	658.0
Change in business inventories	62.3	7.4	13.8	6.1	-14.4	47.6	39.0	24.1
Net exports of goods & services	-84.0	-108.2	-145.8	-161.6	-151.8	-135.2	-132.7	-134.9
Government purchases of goods & services	677.7	726.9	754.5	757.2	771.8	759.6	766.7	769.1
GNP implicit price deflator								
% change	3.7	3.2	2.6	3.6	3.7	4.2	3.5	2.8
Disposable personal income (\$bil)	2,668.6	2,841.1	3,022.1	3,038.2	3,061.6	3,125.9	3,130.6	3,191.1
Disposable per. income (1982 \$bil)	2,469.8	2,542.2	2,645.1	2,653.2	2,656.7	2,674.6	2,645.5	2,671.6
Per capita disposable per. income (\$)	11,257	11,872	12,508	12,560	12,626	12,865	12,858	13,073
Per capita dis. per. income (1982 \$)	10,419	10,622	10,947	10,968	10,956	11,008	10,865	10,945
U.S. population, total, incl. military abroad (mil)	237.1	239.3	241.6	241.9	242.5	243.0	243.5	244.1
Civilian population (mil)	234.9	237.0	239.4	239.6	240.2	240.7	241.3	241.8
	Annual			1986		1987		
	1984	1985	1986	Oct	July	Aug	Sept	Oct P
Monthly data seasonally adjusted								
Industrial production (1977=100)	121.4	123.8	125.1	125.3	130.6	131.0	130.9	131.7
Leading economic indicators (1967=100)	165.3	168.6	178.3	181.2	191.6	192.7	192.7	192.4
Civilian employment (mil. persons)	105.0	107.2	108.6	110.2	112.7	113.1	112.8	113.2
Civilian unemployment rate (%)	7.5	7.2	7.0	6.9	6.0	6.0	5.9	6.0
Personal income (\$ bil annual rate)	3,108.7	3,327.0	3,534.3	3,577.5	3,736.8	3,756.1	3,777.2	3,840.5
Money stock-M2 (daily avg) (\$bil) 1/	2,373.7	2,566.5	2,799.8	2,761.4	2,848.0	2,863.4	2,876.9	2,893.9
Three-month Treasury bill rate (%)	8.58	7.48	5.98	5.18	5.78	6.00	6.32	6.40
Aaa corporate bond yield (Moody's) (%)	12.71	11.37	9.02	8.86	9.42	9.67	10.18	10.52
Housing starts (thou) 2/	1,750	1,742	1,805	1,657	1,598	1,585	1,648	1,513
Auto sales at retail, total (mil)	10.4	11.0	11.4	10.3	10.5	12.4	11.7	9.3
Business inventory/sales ratio	1.48	1.50	1.54	1.53	1.50	1.48	1.48	--
Sales of all retail stores (\$ bil)	107.5	115.0	121.2	122.3	127.1	128.9	127.6 P	127.4
Nondurable goods stores (\$ bil)	68.5	71.8	73.8	74.3	77.3	77.7	77.4 P	77.8
Food stores (\$ bil)	22.6	23.7	24.6	25.0	25.3	25.5	25.4 P	25.4
Eating & drinking places (\$ bil)	10.4	11.1	12.1	12.4	12.7	12.6	12.6 P	12.6
Apparel & accessory stores (\$ bil)	5.6	6.2	6.7	6.9	7.2	7.2	7.2 P	7.2

1/ Annual data as of December of the year listed. 2/ Private, including farm. P = preliminary.

Information contact: James Malley (202) 786-1283.

Table 3.—Foreign Economic Growth, Inflation, &amp; Export Earnings

	Average 1970-74	Average 1975-79	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F
Annual percent change											
Total foreign											
Real GNP	5.5	3.7	2.6	1.6	1.7	2.0	3.2	3.0	2.7	2.6	2.4
CPI	10.2	14.0	16.7	15.8	14.4	18.7	21.3	21.0	11.7	22.3	22.8
Export earnings	27.5	14.6	22.2	-2.7	-7.0	-2.4	5.5	1.7	12.0	13.8	8.9
Developed less U.S.											
Real GNP	4.8	3.1	2.3	1.3	1.1	1.9	3.4	3.3	2.4	2.3	1.9
CPI	8.4	9.4	10.9	9.6	8.1	6.1	5.1	4.7	2.9	2.5	3.8
Export earnings	23.9	14.9	17.0	-3.3	-4.3	-0.5	6.6	4.9	19.2	13.4	8.2
Centrally planned											
Real GNP	5.1	3.5	1.5	2.1	2.7	3.4	3.7	2.9	3.9	3.9	3.6
Export earnings	19.4	16.1	16.5	3.4	6.0	8.2	1.5	-5.1	7.3	7.3	8.1
Latin America											
Real GNP	7.4	5.1	5.3	0.7	-0.5	-2.7	3.3	3.6	3.7	1.8	2.3
CPI	23.5	53.7	61.3	64.9	72.6	126.2	174.3	179.2	90.9	206.7	200.6
Export earnings	28.1	12.8	30.1	5.3	-10.0	-0.9	7.0	-6.0	-15.2	9.8	10.8
Africa & Middle East											
Real GNP	8.9	6.4	1.3	0.0	1.4	0.1	1.1	0.1	-1.2	0.3	NA
CPI	8.7	16.4	22.1	19.7	12.0	19.0	5.9	5.3	8.2	8.5	10.0
Export earnings	49.6	43.2	37.9	-9.2	-19.7	-16.1	-8.0	-10.7	-18.8	11.3	10.4
Asia											
Real GNP	6.0	6.8	6.3	6.6	3.6	6.6	5.4	4.0	5.8	5.5	4.4
CPI	13.0	8.4	16.4	14.1	7.3	7.7	8.5	5.4	4.8	5.6	6.2
Export earnings	30.1	19.4	27.3	5.0	-0.6	3.5	13.3	-1.6	7.1	21.9	11.1

P = preliminary. F = forecast. NA = not available.

Information contacts: Timothy Baxter (202) 786-1688.

## Farm Prices

Table 4.—Indexes of Prices Received &amp; Paid by Farmers, U.S. Average

	Annual			1986		1987					
	1984	1985	1986	Nov	June	July	Aug	Sept	Oct R	Nov P	
1977=100											
Prices received											
All farm products	142	128	123	124	131	128	127	129	127	131	
All crops	139	120	106	102	111	106	103	105	106	119	
Food grains	144	133	108	97	97	92	94	102	107	107	
Feed grains & hay	145	122	98	79	90	86	82	83	86	88	
Feed grains	148	122	96	76	87	82	78	78	81	84	
Cotton	108	93	91	89	118	118	108	107	106	107	
Tobacco	153	153	138	131	130	127	127	136	137	136	
Oil-bearing crops	109	84	77	76	80	79	80	79	79	82	
Fruit, all	202	181	167	191	198	167	176	183	196	235	
Fresh market 1/	220	192	175	202	212	177	188	196	211	258	
Commercial vegetables	135	127	129	143	128	134	127	132	128	208	
Fresh market	133	122	123	137	120	132	123	196	120	225	
Potatoes & dry beans	157	124	114	119	173	162	124	89	96	93	
Livestock & products	146	136	138	145	150	149	151	152	147	144	
Meat animals	151	142	145	150	173	170	171	171	165	157	
Dairy products	139	131	129	138	123	124	127	131	133	134	
Poultry & eggs	135	119	128	136	104	105	110	112	99	105	
Prices paid											
Commodities & services											
Interest, taxes, & wage rates	165	163	159	--	--	164	--	--	166	--	
Production items	155	151	145	--	--	149	--	--	151	--	
Feed	135	116	108	--	--	105	--	--	105	--	
Feeder livestock	154	154	153	--	--	182	--	--	190	--	
Seed	151	153	148	--	--	149	--	--	149	--	
Fertilizer	143	135	124	--	--	117	--	--	121	--	
Agricultural chemicals	128	128	127	--	--	123	--	--	123	--	
Fuels & energy	201	201	162	--	--	170	--	--	172	--	
Farm & motor supplies	147	146	144	--	--	145	--	--	144	--	
Autos & trucks	182	193	198	--	--	212	--	--	213	--	
Tractors & self-propelled machinery	181	178	174	--	--	174	--	--	176	--	
Other machinery	180	183	184	--	--	186	--	--	189	--	
Building & fencing	138	136	136	--	--	136	--	--	138	--	
Farm services & cash rent	152	150	150	--	--	148	--	--	148	--	
Interest payable per acre on farm real estate debt	257	238	213	--	--	207	--	--	207	--	
Taxes payable per acre on farm real estate	132	133	134	--	--	136	--	--	136	--	
Wage rates (seasonally adjusted)	151	154	160	--	--	174	--	--	174	--	
Production items, interest, taxes, & wage rates	162	157	151	--	--	154	--	--	156	--	
Ratio, prices received to prices paid 2/	86	79	77	78	81	78	77	79	77	79	
Prices received (1910-14=100)	650	585	560	567	597	583	582	589	581	600	
Prices paid, etc. (parity index) (1910-14=100)	1,132	1,120	1,097	--	--	1,128	--	--	1,141	--	
Parity ratio (1910-14=100) 2/	57	52	51	--	--	52	--	--	51	--	

1/ Fresh market for noncitrus; fresh market and processing for citrus. 2/ Ratio of index of prices received for all farm products to index of prices paid for commodities and services, interest, taxes, and wage rates. Ratio derived using the most recent prices paid index. Prices paid data will be published in January, April, July, and October. P = preliminary. R = revised.

Information contact: National Agricultural Statistics Service (202) 447-5446.



Table 5.—Prices Received by Farmers, U.S. Average

	Annual*			1986		1987				
	1984	1985	1986	Nov	June	July	Aug	Sept	Oct R	Nov P
<b>Crops</b>										
All wheat (\$/bu)	3.46	3.20	2.71	2.43	2.45	2.31	2.36	2.54	2.62	2.59
Rice, rough (\$/cwt)	8.32	7.85	5.04	3.91	3.68	3.65	3.74	4.28	5.68	5.95
Corn (\$/bu)	3.05	2.49	1.96	1.47	1.69	1.60	1.47	1.49	1.56	1.63
Sorghum (\$/cwt)	4.60	3.97	3.11	2.39	2.80	2.68	2.52	2.43	2.48	2.64
All hay, baled (\$/ton)	75.38	69.93	61.80	56.00	63.20	61.60	61.80	65.10	65.10	62.10
Soybeans (\$/bu)	7.02	5.42	5.00	4.64	5.36	5.25	5.02	4.99	5.04	5.27
Cotton, Upland (cts/lb)	65.6	56.1	54.7	52.6	71.5	71.7	65.3	64.9	64.1	65.0
Potatoes (\$/cwt)	5.69	3.92	4.94	4.64	7.43	6.89	5.10	3.91	3.82	3.70
Lettuce (\$/cwt)	11.00	10.90	11.90	12.00	8.71	16.90	18.00	16.30	13.30	37.30
Tomatoes (\$/cwt)	25.60	24.10	25.10	36.20	26.00	20.80	16.50	21.20	26.80	49.30
Onions (\$/cwt)	11.70	9.97	9.80	10.60	17.00	14.30	9.79	10.30	9.77	10.00
Dry edible beans (\$/cwt)	18.70	17.60	19.00	20.00	17.60	17.60	16.10	15.40	14.60	14.30
Apples for fresh use (cts/lb)	15.5	17.3	NA	18.5	25.7	25.3	15.5	18.0	14.3	12.5
Pears for fresh use (\$/ton)	300.00	349.00	393.00	363.00	630.00	295.00	234.00	239.00	196.00	211.00
Oranges, all uses (\$/box) 1/	5.95	7.41	4.18	4.84	6.22	4.58	6.18	6.01	7.36	10.23
Grapefruit, all uses (\$/box) 1/	2.68	4.01	4.21	6.46	5.08	4.50	5.95	5.52	5.07	6.81
<b>Livestock</b>										
Beef cattle (\$/cwt)	57.56	53.96	52.84	54.60	62.50	61.10	61.80	63.70	62.90	62.30
Calves (\$/cwt)	60.23	62.40	60.89	62.20	78.80	80.30	82.30	85.90	81.40	81.30
Hogs (\$/cwt)	47.61	43.88	50.10	52.80	60.30	59.60	58.60	54.30	48.90	40.80
Lambs (\$/cwt)	60.33	68.07	69.10	69.30	83.50	78.70	76.10	76.80	71.90	72.30
All milk, sold to plants (\$/cwt)	13.46	12.75	12.50	13.40	11.90	12.00	12.30	12.70	12.90	13.00
Milk, manuf. grade (\$/cwt)	12.49	11.72	11.46	12.40	10.90	10.90	11.20	11.60	11.80	11.90
Broilers (cts/lb)	33.7	30.1	34.5	34.9	27.6	28.1	31.6	28.5	25.2	26.4
Eggs (cts/doz) 2/	70.3	57.4	60.3	66.7	50.9	51.4	50.6	59.7	51.3	55.2
Turkeys (cts/lb)	46.6	47.2	44.4	51.5	34.5	33.1	31.4	30.8	29.9	33.7
Wool (cts/lb) 3/	79.5	63.3	66.8	64.0	94.9	86.6	84.2	88.2	87.2	86.5

1/ Equivalent on-tree returns. 2/ Average of all eggs sold by producers including hatching eggs and eggs sold at retail. 3/ Average local market price, excluding incentive payments. \*Calendar year averages, except for potatoes, dry edible beans, apples, oranges, and grapefruit, which are crop years. P = preliminary. R = revised. NA = not available.

Information contact: National Agricultural Statistics Service (202) 447-5446.

## Producer and Consumer Prices

Table 6.—Consumer Price Index for All Urban Consumers, U.S. Average (Not Seasonally Adjusted)

	Annual	1986		1987 1/						
	1986	Oct	Mar	Apr	May	June	July	Aug	Sept	Oct
						1967=100				
Consumer price index, all items	328.4	330.5	335.9	337.7	338.7	340.1	340.8	342.7	344.4	345.3
Consumer price index, less food	328.6	330.2	335.4	337.3	338.3	339.6	340.5	342.7	344.6	345.6
All food	319.7	323.7	330.0	331.0	332.5	334.1	333.6	333.8	334.9	335.3
Food away from home	360.1	364.0	370.9	371.5	372.3	373.8	374.9	375.9	377.4	378.4
Food at home	305.3	309.5	315.8	316.9	318.8	320.4	319.1	319.0	319.8	319.9
Meats 2/	273.9	283.9	286.4	286.9	291.8	297.1	289.8	301.0	300.7	300.2
Beef & veal	271.4	273.8	282.7	285.8	292.6	297.6	297.7	296.2	295.1	296.3
Pork	273.8	298.0	287.2	284.4	289.4	297.7	305.8	308.3	309.4	304.0
Poultry	232.7	247.8	234.1	231.1	230.5	228.3	226.1	230.0	229.1	227.8
Fish	443.2	451.6	487.4	488.7	486.6	484.2	489.7	493.7	498.3	496.0
Eggs	186.3	186.2	180.0	174.6	169.9	161.2	168.2	164.4	187.0	175.1
Dairy products 3/	258.4	260.0	263.7	263.2	264.3	263.7	263.2	264.2	266.0	267.2
Fats & oils 4/	287.8	284.6	294.6	291.8	293.3	291.4	292.9	292.6	291.2	290.1
Fresh fruit	369.3	375.1	403.9	417.8	431.8	437.5	416.7	410.2	409.8	422.4
Processed fruit 5/	163.3	162.0	167.5	168.4	170.5	171.0	170.2	171.8	172.3	171.3
Fresh vegetables	330.3	328.8	364.7	379.4	379.0	396.3	371.0	351.3	351.5	345.0
Potatoes	307.3	323.4	355.3	371.4	406.1	436.1	444.6	407.7	353.3	325.6
Processed vegetables 5/	147.4	146.2	152.1	150.6	151.2	151.9	152.3	152.7	152.3	152.0
Cereals & bakery products 5/	325.8	328.4	333.2	335.6	336.5	337.0	338.4	338.8	338.9	339.5
Sugar & sweets	411.1	413.4	417.2	417.4	417.7	419.3	418.8	419.6	420.6	420.9
Beverages, nonalcoholic	478.2	477.5	475.4	469.8	467.9	462.6	458.5	458.8	458.4	462.3
Apparel commodities less footwear	188.8	194.6	196.1	199.8	198.5	194.7	190.7	195.3	203.7	207.7
Footwear	211.2	215.1	216.5	219.2	220.8	218.8	214.3	215.9	219.1	222.4
Tobacco & smoking products	351.0	357.2	369.6	370.4	370.9	372.7	379.9	380.8	382.4	383.7
Beverages, alcoholic	239.7	240.6	243.6	244.3	245.0	245.9	246.7	247.3	247.8	248.4

1/ Beginning January 1987 the CPIs are calculated using 1982-84 expenditure patterns and updated population weights. The old series were based on 1972-73 expenditure patterns. 2/ Beef, veal, lamb, pork, and processed meat. 3/ Includes butter. 4/ Excludes butter. 5/ December 1977=100.

Information contact: Ralph Parlett (202) 786-1870.

Table 7.—Producer Price Indexes, U.S. Average (Not Seasonally Adjusted)

	Annual			1986	1987					
	1984	1985	1986	Oct	May	June R	July	Aug	Sept	Oct
	1967=100									
Finished goods 1/	291.1	293.7	289.7	290.7	295.8	296.2	297.8	297.2	296.7	298.2
Consumer foods	273.3	271.2	278.1	283.6	286.6	286.7	287.6	283.6	286.0	284.1
Fresh fruit	253.0	256.1	262.1	281.6	256.7	266.0	256.1	247.8	248.9	267.4
Fresh & dried vegetables	278.3	245.1	241.1	249.6	252.2	270.5	282.2	232.4	245.0	226.0
Dried fruit	386.6	363.5	377.4	383.8	385.3	384.0	390.6	390.5	390.0	387.6
Canned fruit & juice	312.4	323.1	315.1	310.9	325.3	330.3	330.2	328.0	329.8	329.9
Frozen fruit & juice	351.0	362.3	314.8	316.3	344.7	344.2	343.2	340.7	344.6	344.6
Fresh veg. excl. potatoes	219.1	205.9	204.0	204.3	193.8	197.8	209.2	158.2	201.6	184.0
Canned veg. and juices	252.6	246.9	245.1	243.2	250.4	256.5	247.5	249.1	252.5	247.6
Frozen vegetables	291.0	298.4	298.5	297.9	301.0	300.7	300.4	300.1	300.7	300.1
Potatoes	397.7	304.3	312.6	353.3	413.1	397.4	398.8	367.2	332.2	320.7
Eggs	210.8	171.0	177.9	173.5	150.9	143.2	152.4	142.4	179.9	144.9
Bakery products	299.1	313.7	321.3	323.0	323.2	324.6	326.4	327.6	328.5	330.9
Meats	236.8	227.9	235.2	246.4	265.3	266.7	269.3	257.4	263.7	253.5
Beef & veal	237.1	221.3	216.0	221.0	251.2	249.4	246.2	233.5	236.5	232.3
Pork	226.5	223.8	250.8	272.1	280.0	286.4	298.1	281.5	298.1	271.8
Processed poultry	206.0	197.3	207.8	232.9	191.7	183.2	181.4	185.6	180.4	174.1
Fish	476.0	484.2	530.4	533.6	597.3	575.6	599.7	578.3	584.0	660.3
Dairy products	251.7	249.4	248.8	251.8	251.1	251.6	252.4	253.8	255.8	254.3
Processed fruits & vegetables	294.3	296.3	287.9	287.0	297.4	300.5	297.0	296.8	299.0	296.8
Shortening & cooking oils	311.6	290.6	242.4	234.0	243.3	242.7	243.7	240.9	244.2	247.4
Consumer finished goods less foods	294.1	297.3	283.5	281.0	288.6	289.5	292.0	292.9	291.1	293.5
Beverages, alcoholic	209.8	213.0	217.8	218.7	219.5	219.1	217.7	219.1	216.6	217.9
Soft drinks	340.2	343.6	349.7	351.3	358.0	358.0	355.3	357.1	356.2	359.6
Apparel	201.3	204.1	206.5	207.0	209.4	210.2	211.0	211.6	212.5	212.8
Footwear	251.7	256.7	261.8	263.5	266.7	263.3	268.5	270.3	271.9	271.8
Tobacco products	398.4	428.1	460.4	469.3	487.4	487.5	509.3	509.2	509.1	509.1
Intermediate materials 2/	320.0	318.7	307.6	304.8	313.1	315.2	317.1	318.2	318.9	320.0
Materials for food manufacturing	271.1	258.8	251.0	253.9	261.9	260.8	262.0	258.5	261.9	259.4
Flour	185.2	183.0	173.4	164.6	177.1	170.9	167.2	166.9	171.1	173.4
Refined sugar 3/	173.5	165.6	166.4	168.3	171.2	172.1	172.7	172.1	172.6	172.7
Crude vegetable oils	262.2	219.6	135.8	121.3	144.9	134.1	131.5	126.9	127.7	137.9
Crude materials 4/	330.8	306.1	280.3	277.2	302.9	303.7	307.8	307.7	305.4	304.3
Foodstuffs & feedstuffs	259.5	235.0	231.0	235.0	251.7	247.0	243.1	240.1	238.8	237.7
Fruits & vegetables 5/	278.1	260.5	261.2	275.1	265.1	279.9	282.0	249.5	257.3	255.0
Grains	239.7	202.8	167.2	134.9	166.6	156.0	145.0	133.6	146.5	153.5
Livestock	251.8	229.9	236.1	245.1	282.5	283.1	274.4	273.1	266.6	262.7
Poultry, live	240.6	226.2	248.8	314.0	216.4	180.7	196.3	213.4	192.5	169.8
Fibers, plant & animal	228.4	197.8	179.3	150.8	220.6	235.6	243.7	250.5	240.5	221.0
Fluid milk	278.3	264.6	256.9	266.6	252.5	249.0	253.5	257.3	261.8	263.2
Oilseeds	253.3	202.7	196.2	183.6	223.5	226.6	221.0	213.0	207.4	208.5
Tobacco, leaf	274.6	274.1	243.0	229.1	229.1	229.1	229.1	223.8	239.6	241.4
Sugar, raw cane	312.0	291.3	292.2	297.0	308.1	309.0	310.8	309.5	308.9	307.9
All commodities	310.3	308.7	299.8	298.3	307.1	308.2	310.2	310.5	310.4	311.4
Industrial commodities	322.6	323.8	312.1	309.3	318.3	319.9	322.6	323.8	323.3	324.9
All foods 6/	269.2	264.5	268.4	274.0	277.4	277.3	278.5	273.8	276.8	275.0
Farm products &										
processed foods & feeds	262.4	250.5	252.0	255.4	263.7	262.6	261.8	258.6	260.0	258.7
Farm products	255.8	230.5	224.7	225.4	242.0	239.3	236.3	231.1	232.1	229.0
Processed foods & feeds 6/	265.0	260.4	265.1	268.2	274.3	274.0	274.4	272.1	273.7	273.4
Cereal & bakery products	270.5	279.9	281.8	280.7	284.3	283.9	283.7	284.7	287.0	290.6
Sugar & confectionery	301.2	291.0	295.7	298.7	304.2	304.5	307.4	307.3	306.6	306.2
Beverages	273.1	276.6	294.3	293.1	290.8	290.3	288.1	289.2	285.8	288.3

1/ Commodities ready for sale to ultimate consumer. 2/ Commodities requiring further processing to become finished goods. 3/ All types and sizes of refined sugar. (Dec. 1977=100). 4/ Products entering market for the first time which have not been manufactured at that point. 5/ Fresh and dried. 6/ Includes all raw, intermediate, and processed foods (excludes soft drinks, alcoholic beverages, and manufactured animal feeds). (1977=100). R = revised.

Information contact: Bureau of Labor Statistics (202) 523-1913.



# Farm-Retail Price Spreads

Table 8.—Farm-Retail Price Spreads

	Annual				1986	1987					
	1983	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
Market basket 1/											
Retail cost (1967=100)	268.7	279.3	282.6	288.7	293.3	302.7	305.7	305.2	305.0	309.8	305.7
Farm value (1967=100)	242.3	255.4	237.2	234.1	244.7	246.8	247.6	247.8	243.4	243.2	235.4
Farm-retail spread (1967=100)	284.3	293.3	309.3	320.8	321.9	335.5	338.6	338.9	341.3	342.6	347.0
Farm value/retail cost (%)	33.4	33.8	31.1	30.0	30.8	30.2	30.2	30.1	28.5	29.4	28.5
Meat Products											
Retail cost (1967=100)	267.2	268.1	265.5	273.9	283.9	291.5	297.7	299.8	301.0	300.7	300.2
Farm value (1967=100)	235.8	241.5	221.8	229.1	240.9	260.5	270.1	268.6	257.6	255.4	248.2
Farm-retail spread (1967=100)	304.0	299.1	316.6	326.2	334.2	327.8	330.1	336.3	351.8	353.7	361.1
Farm value/retail cost (%)	47.6	48.6	45.1	45.1	45.8	48.2	48.9	48.3	46.2	45.8	44.6
Dairy Products											
Retail cost (1967=100)	250.0	253.2	258.0	258.4	260.0	263.7	263.2	263.2	264.2	266.0	267.2
Farm value (1967=100)	262.1	258.8	248.2	241.5	250.4	238.0	237.1	238.8	244.1	244.8	246.5
Farm-retail spread (1967=100)	239.3	248.3	266.5	273.3	268.5	286.3	286.1	284.6	281.9	284.5	285.4
Farm value/retail cost (%)	49.0	47.8	45.0	43.7	45.0	42.2	42.1	42.4	43.2	43.1	43.1
Poultry											
Retail cost (1967=100)	197.5	218.5	216.4	232.7	247.8	230.4	228.6	226.1	230.0	229.1	227.8
Farm value (1967=100)	213.0	249.9	234.9	255.4	300.4	216.0	201.9	202.6	219.8	201.7	182.0
Farm-retail spread (1967=100)	182.4	188.1	199.4	210.8	196.9	244.3	254.4	248.8	239.9	255.7	272.1
Farm value/retail cost (%)	53.1	56.3	53.4	54.0	59.6	46.1	43.4	44.1	47.0	43.3	39.3
Eggs											
Retail cost (1967=100)	187.1	209.0	174.3	186.3	186.2	168.9	161.5	168.2	164.4	187.0	175.1
Farm value (1967=100)	206.1	230.3	178.9	192.7	179.9	143.7	147.5	148.9	146.5	183.7	148.2
Farm-retail spread (1967=100)	159.5	176.2	167.6	177.1	195.3	207.8	181.7	194.6	190.3	191.8	213.9
Farm value/retail cost (%)	65.1	65.1	60.7	61.1	57.1	50.0	54.0	52.7	52.6	58.1	50.0
Cereal & Bakery Products											
Retail cost (1967=100)	292.5	305.3	317.0	325.8	328.4	335.6	336.3	338.4	338.8	338.9	339.5
Farm value (1967=100)	186.6	192.0	175.9	142.3	124.8	133.8	128.0	123.3	124.0	130.8	133.4
Farm-retail spread (1967=100)	314.0	328.7	346.2	363.7	370.5	377.4	378.4	382.9	383.3	382.0	382.6
Farm value/retail cost (%)	11.1	10.8	9.5	7.5	6.5	6.8	6.5	6.2	6.3	6.6	6.6
Fresh fruits											
Retail cost (1967=100)	303.6	345.3	383.5	390.1	398.2	464.4	476.2	458.9	452.0	451.2	466.9
Farm value (1967=100)	220.6	315.1	302.7	285.3	303.1	297.8	312.1	289.5	242.4	273.0	293.4
Farm-retail spread (1967=100)	340.8	358.8	418.8	437.1	440.9	539.2	549.9	536.4	546.1	531.2	514.8
Farm value/retail cost (%)	22.5	28.3	24.4	22.7	23.6	19.9	20.3	19.5	16.6	18.8	19.5
Fresh vegetables											
Retail cost (1967=100)	299.3	331.8	317.5	330.3	328.8	376.0	395.4	371.0	351.3	351.5	345.0
Farm value (1967=100)	267.4	298.7	256.7	248.1	273.3	293.4	314.7	318.0	317.6	291.3	237.5
Farm-retail spread (1967=100)	314.3	347.4	346.1	369.0	354.9	414.8	433.3	395.9	367.1	379.8	395.6
Farm value/retail cost (%)	28.6	28.8	25.9	24.0	26.6	25.0	25.4	27.4	28.9	26.5	22.0
Processed fruits & vegetables											
Retail cost (1967=100)	288.8	306.1	314.1	309.1	306.6	319.0	320.2	321.0	323.0	323.2	322.0
Farm value (1967=100)	300.5	343.5	378.5	326.3	332.5	369.8	356.5	343.2	340.0	343.2	337.6
Farm-retail spread (1967=100)	286.2	297.8	299.9	305.3	300.9	307.7	312.2	316.1	319.2	318.8	318.5
Farm value/retail cost (%)	18.9	20.3	21.8	19.1	19.6	21.0	20.2	19.4	19.1	19.2	19.0
Fats & oils											
Retail cost (1967=100)	263.1	288.0	284.4	287.8	284.6	292.8	291.8	292.9	292.6	291.2	290.1
Farm value (1967=100)	251.0	324.8	271.3	199.1	186.2	198.3	188.5	189.7	189.7	186.3	194.5
Farm-retail spread (1967=100)	267.8	273.8	303.3	321.9	322.5	329.1	331.6	332.6	332.2	331.5	326.9
Farm value/retail cost (%)	26.5	31.3	25.6	19.4	18.2	18.8	17.9	18.0	18.0	17.8	18.6

1/ Retail costs are based on indexes of retail prices for domestically produced farm foods from the CPI-U published monthly by the Bureau of Labor Statistics. The farm value is the payment to farmers for quantity of farm product equivalent to retail unit, less allowance for byproduct. Farm values are based on prices at first point of sale and may include marketing charges such as grading and packing for some commodities. The farm-retail spread, the difference between the retail price and the farm value, represents charges for assembling, processing, transporting, and distributing these foods. 2/ Estimated weighted average price of retail cuts from pork and choice yield grade 3 beef carcasses. Retail cut prices from BLS. 3/ Value of carcasses quantity (beef) and wholesale cuts (pork) equivalent to 1 lb. of retail cuts; bear adjusted for value of fat and bone byproducts. 4/ Market value to producer for quantity of live animal equivalent to 1 lb. of retail cuts minus value of byproducts. 5/ Represents charges for retailing and other marketing services such as fabricating, wholesaling, and in-city transportation. 6/ Represents charges made for livestock marketing, processing, and transportation to city where consumed.

Note: Annual historical data on farm-retail price spreads may be found in Food Consumption, Prices and Expenditures, Statistical Bulletin 749, ERS, USDA.

Information contacts: Denis Dunham (202) 785-1870; Ron Gustafson (202) 786-1830.

Table 9.—Price Indexes of Food Marketing Costs

(See the June 1987 issue.)

Information contact: Denis Dunham (202) 786-1870

## Livestock and Products

Table 10.—U.S. Meat Supply &amp; Use

Item	Beg. stocks	Pro-duction 1/	Im-ports	Total supply	Ex-ports	Ship-ments	Mili-tary consumption	Ending stocks	Civilian consumption		Primary market Price 3/
									Total	Per capita 2/	
Million pounds 4/											
Beef:											
1985	358	23,728	2,071	26,157	328	51	115	317	25,346	79.1	58.37
1986	317	24,371	2,129	26,817	521	52	110	311	25,823	79.8	57.75
1987 F	311	23,588	2,250	26,149	630	57	104	300	25,058	76.7	64-65
1988 F	300	22,508	2,275	25,083	500	60	110	325	24,088	73.1	62-68
Pork:											
1985	274	14,807	1,128	16,209	128	131	70	229	15,651	62.1	44.77
1986	229	14,063	1,122	15,414	86	132	74	187	14,926	58.6	51.19
1987 F	197	14,389	1,200	15,786	100	129	75	225	15,258	59.3	51-52
1988 F	225	15,715	1,225	17,165	120	140	80	275	16,550	63.8	37-43
Veal:											
1985	14	515	20	549	4	1	7	11	526	1.8	62.42
1986	11	524	27	562	5	1	6	7	544	1.9	60.89
1987 F	7	440	20	467	6	1	7	7	446	1.5	78-79
1988 F	7	415	25	447	5	1	7	7	427	1.5	75-81
Lamb and mutton:											
1985	7	358	36	401	1	2	0	13	385	1.4	68.61
1986	13	338	41	392	2	2	0	12	376	1.4	69.46
1987 F	12	315	45	372	1	2	0	8	361	1.3	78-79
1988 F	8	337	50	395	2	1	0	8	383	1.4	70-76
Total red meat:											
1985	653	39,408	3,255	43,316	461	185	192	570	41,908	144.5	NA
1986	570	39,296	3,319	43,185	613	187	190	527	41,670	141.7	NA
1987 F	527	38,732	3,515	42,773	737	189	186	540	41,122	138.9	NA
1988 F	540	38,875	3,575	43,090	627	202	197	616	41,448	139.7	NA
Broilers:											
1985	20	13,762	0	13,781	417	143	34	27	13,161	55.5	50.8
1986	27	14,316	0	14,342	566	149	35	24	13,568	56.7	56.9
1987 F	24	15,513	0	15,537	785	141	33	25	14,552	60.2	47-48
1988 F	25	16,282	0	16,307	800	140	36	25	15,306	62.7	40-46
Mature chicken:											
1985	119	636	0	755	21	1	2	144	587	2.5	NA
1986	144	629	0	773	16	3	2	163	589	2.5	NA
1987 F	163	650	0	813	20	3	2	155	632	2.6	NA
1988 F	155	652	0	807	30	4	1	135	637	2.6	NA
Turkeys:											
1985	125	2,942	0	3,067	27	7	13	150	2,870	12.1	75.5
1986	150	3,271	0	3,422	27	4	10	178	3,202	13.4	72.2
1987 F	178	3,828	0	4,007	30	2	15	300	3,660	15.1	57-58
1988 F	300	4,072	0	4,372	30	4	16	200	4,122	16.9	51-57
Total poultry:											
1985	264	17,340	0	17,604	465	151	49	321	16,619	70.1	NA
1986	321	18,216	0	18,537	609	156	47	365	17,359	72.5	NA
1987 F	365	19,991	0	20,356	835	147	51	480	18,844	78.0	NA
1988 F	480	21,007	0	21,487	860	148	53	360	20,066	82.2	NA
Red meat & poultry:											
1985	917	56,748	3,255	60,920	826	336	241	891	58,526	214.6	NA
1986	891	57,512	3,319	61,722	1,222	343	236	892	59,029	214.3	NA
1987 F	892	58,723	3,515	63,130	1,572	335	237	890	59,966	216.9	NA
1988 F	1,020	59,982	3,575	64,577	1,487	350	250	976	61,514	221.8	NA

1/ Total including farm production for red meats and federally inspected plus non-federally inspected for poultry. 2/ Retail weight basis. 3/ Dollars per cut for red meat; cents per pound for poultry. Beef: Choice steers, Omaha 900-1,100 lb.; pork: barrows and gilts, 7 markets; veal: farm price of calves; lamb and mutton: Choice slaughter lambs, San Angelo; broilers: wholesale 12-city average; turkeys: wholesale NY 8-16 lb. young hens. 4/ Carcass weight for red meats and certified ready-to-cook for poultry. NA = not available. F = forecast.

Information contact: Ron Gustafson, Leland Southard, or Mark Weimar (202) 786-1830.



Table 11.—U.S. Egg Supply &amp; Use

	Beg. stocks	Pro-duction	Im-ports	Total supply	Ex-ports	Ship-ments	Milli-tary use	Hatch-ing use	Ending stocks	Civilian consumption		
										Total	Per capita	Wholesale price*
Million dozen												
1983	20.3	5,659.2	23.4	5,703.0	85.8	26.6	25.1	500.0	9.3	5,056.2	260.8	75.2
1984	9.3	5,708.2	32.0	5,749.5	58.2	27.8	17.6	529.7	11.1	5,105.1	260.9	80.9
1985	11.1	5,688.4	12.7	5,712.2	70.6	30.3	20.2	548.1	10.7	5,032.2	254.7	66.4
1986	10.7	5,714.9	13.7	5,739.3	101.6	28.0	17.5	565.9	10.4	5,016.1	251.5	71.1
1987 F	10.4	5,804.2	5.8	5,820.4	106.8	23.1	18.1	593.9	10.0	5,068.4	251.6	61-62
1988 F	10.0	5,770.0	4.0	5,784.0	110.0	24.0	20.0	625.0	10.0	4,995.0	245.7	59-65

\* Cartoned Grade A large eggs in New York. F = forecast. Information contact: Mark Weimar (202) 786-1830

Table 12.—U.S. Milk Supply & Use<sup>1</sup>

Calendar year	Pro- duc- tion	Farm use	Commercial			Total commen- cial supply	CCC net re- movals	Commercial		All milk price 2/ \$/cwt
			Farm market- ings	Beg. stocks	Im- ports			Ending stocks	Disap- pear- ance	
Billion pounds										
1980	128.4	2.4	126.1	5.4	2.1	133.6	8.8	5.8	119.0	13.05
1981	132.8	2.3	130.5	5.8	2.3	138.5	12.9	5.4	120.3	13.77
1982	135.5	2.4	133.1	5.4	2.5	141.0	14.3	4.6	122.1	13.61
1983	139.7	2.4	137.3	4.6	2.6	144.5	16.8	5.2	122.5	13.58
1984	135.4	2.9	132.5	5.2	2.7	140.5	8.6	4.9	126.9	13.46
1985	143.1	2.5	140.7	4.9	2.8	148.4	13.2	4.6	130.6	12.75
1986 P	144.1	2.6	141.5	4.6	2.7	149.1	10.6	4.2	134.0	12.51
1987 F	142.1	2.6	140.1	4.2	2.7	147.0	6.1	4.2	136.7	12.50

<sup>1</sup>/ Milkfat basis. Totals may not add because of rounding. <sup>2</sup>/ Delivered to plants and dealers; does not reflect deductions. P = preliminary. F = forecast.

Information contact: Jim Miller (202) 786-1830.

Table 13.—Poultry &amp; Eggs

	Annual			1986	1987					
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
Broilers										
Federally inspected slaughter, certified (mil lb)	12,998.6	13,569.2	14,265.6	1,255.7	1,261.0	1,371.5	1,337.9	1,257.0	1,370.7	1,351.1
Wholesale Price, 12-city, (cts/lb)	55.6	50.8	56.9	61.6	50.5	45.5	47.0	52.6	46.4	43.2
Price of grower feed (\$/ton)	233	197	187	179	182	184	194	192	190	194
Broiler-feed price ratio 1/	2.8	3.1	3.7	4.4	3.3	3.0	2.9	3.3	3.0	2.6
Stocks beginning of period (mil lb)	21.2	19.7	26.6	25.0	26.9	26.9	24.2	24.8	24.7	28.3
Broiler-type chicks hatched (mil) 2/	4,593.9	4,803.8	5,013.3	416.2	471.2	458.3	458.9	449.9	430.7	438.8
Turkeys										
Federally inspected slaughter, certified (mil lb)	2,574	2,800	3,133	365.8	274.2	335.8	358.8	356.9	383.3	399.8
Wholesale Price, Eastern U.S., 8-16 lb, young hens (cts/lb)	74.4	75.5	72.2	83.2	55.3	55.7	56.3	56.0	56.1	54.7
Price of turkey grower feed (\$/ton)	245	212	215	216	212	209	214	217	220	214
Turkey-feed price ratio 1/	3.8	4.5	4.1	4.9	3.3	3.3	3.1	2.9	2.8	2.8
Stocks beginning of period (mil lb)	161.8	125.3	150.2	511.6	250.9	301.4	381.1	472.5	559.6	640.5
Poults placed in U.S. (mil)	190.0	197.8	225.4	14.1	26.6	27.0	26.0	20.0	15.1	16.7
Eggs										
Farm Production (mil)	68,498	68,261	68,579	5,797	5,830	5,620	5,790	5,790	5,690	5,690
Average number of layers (mil) 3/	278	277	278	232	231	229	229	231	233	236
Rate of lay (eggs per layer on farms) 3/	245	247	247	20.9	21.1	20.3	20.8	20.8	20.2	21.0
Cartoned Price, New York, grade A large (cts/doz) 4/	80.9	66.4	71.1	69.6	55.6	58.7	59.1	63.2	68.3	60.2
Price of laying feed (\$/ton)	206	182	174	167	167	167	177	178	178	168
Egg-feed price ratio 1/	6.8	6.3	7.0	7.0	6.0	6.1	5.8	5.7	6.7	6.1
Stocks, first of month										
Shell (mil doz)	.39	.93	.72	.87	.84	1.14	.96	1.02	.96	.99
Frozen (mil doz)	8.9	10.2	10.0	10.6	11.3	13.2	12.9	13.1	13.3	12.5
Replacement chicks hatched (mil)	459	407	425	32.4	41.4	38.0	33.5	35.3	32.5	34.2

1/ Pounds of feed equal in value to 1 dozen eggs or 1 lb. of broiler or turkey liveweight. 2/ Placement of broiler chicks are currently reported for 12 states only; henceforth, hatch of broiler-type chicks will be used as a substitute. 3/ Monthly data only available for 20 states. 4/ Price of cartoned eggs to volume buyers for delivery to retailers.

Information contact: Mark Weimar (202) 786-1830.

Table 14.—Dairy

	Annual			1986	1987					
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
Milk prices, Minnesota-Wisconsin, 3.5% fat (\$/cwt) 1/	12.29	13.48	11.30	11.69	11.00	11.07	11.17	11.27 <sup>6/</sup>	11.42	11.35
Wholesale prices										
Butter, Grade A Chl. (cts/lb)	148.8	141.1	144.5	153.5	138.4	144.6	149.0	148.1	145.3	136.8
An. cheese, Wis. assembly pt. (cts/lb)	138.0	127.7	127.3	130.2	122.0	122.0	123.2	125.5	126.6	121.9
Nonfat dry milk, (cts/lb) 2/	90.9	84.0	80.6	81.2	79.1	79.2	79.2	79.6	80.4	80.0
USDA net removals										
Total milk equiv. (mil lb) 3/	8,637.0	13,174.1	10,628.1	90.1	519.4	384.5	157.8	148.9	348.9	660.4
Butter (mil lb)	202.3	334.2	287.6	-1.1	14.0	4.0	-1.2	1.0	10.0	22.2
An. cheese (mil lb)	447.3	629.0	468.4	8.7	23.2	30.1	15.7	12.2	14.0	19.8
Nonfat dry milk (mil lb)	678.4	940.6	827.3	22.3	58.8	67.2	53.2	39.6	33.7	30.4
Milk										
Milk prod. 21 states (mil lb)	114,545	121,043	122,185	9,732	10,957	10,491	10,433	10,270	9,887	10,044
Milk per cow (lb)	12.691	13.160	13.445	1,090	1,249	1,196	1,188	1,171	1,127	1,144
Number of milk cows (thou)	9,026	9,198	9,088	8,932	8,772	8,771	8,785	8,772	8,775	8,781
U.S. milk production (mil lb)	135,450	143,147	144,080	11,460	6/12,841	6/12,282	6/12,226	6/12,015	6/11,590	6/11,763
Stocks, beginning										
Total (mil lb)	22,646	16,704	13,695	16,022	13,101	13,310	12,724	11,770	10,580	9,981
Commercial (mil lb)	5,234	4,937	4,590	5,114	4,813	5,161	5,661	5,636	5,328	5,380
Government (mil lb)	17,412	11,767	9,105	10,907	8,288	8,148	7,063	6,074	5,252	4,602
Imports, total (mil lb) 3/	2,741	2,777	2,733	273	145	160	244	227	210	NA
Commercial disappearance milk equiv (mil lb)	126,812	130,640	134,049	11,717	11,902	11,347	12,060	12,244	11,187	NA
Butter										
Production (mil lb)	1,103.3	1,247.8	1,202.4	85.3	101.7	83.1	76.2	67.6	78.1	90.2
Stocks, beginning (mil lb)	499.4	296.5	205.5	279.6	247.9	250.2	237.9	211.2	187.3	176.2
Commercial disappearance (mil lb)	902.7	918.2	922.9	84.0	79.3	63.2	79.2	78.3	63.5	NA
American cheese										
Production (mil lb)	2,648.5	2,855.2	2,798.2	196.4	264.3	246.1	240.6	208.5	206.5	217.6
Stocks, beginning (mil lb)	1,161.5	960.5	850.2	866.9	603.5	624.4	603.0	577.8	533.3	505.0
Commercial disappearance (mil lb)	2,253.6	2,279.1	2,382.8	213.7	228.8	202.0	220.4	214.8	193.4	NA
Other cheese										
Production (mil lb)	2,025.5	2,225.7	2,411.0	213.8	220.4	217.7	217.6	215.0	220.5	228.1
Stocks, beginning (mil lb)	104.9	101.4	94.1	99.1	91.8	97.1	94.4	95.2	96.7	95.4
Commercial disappearance (mil lb)	2,310.9	2,515.7	2,684.9	247.3	231.2	238.1	242.3	235.2	244.7	NA
Nonfat dry milk										
Production (mil lb)	1,160.7	1,390.0	1,284.1	68.8	118.6	104.8	98.6	80.0	65.7	65.6
Stocks, beginning (mil lb)	1,405.2	1,247.6	1,011.1	844.9	460.8	485.5	428.7	334.7	301.8	245.9
Commercial disappearance (mil lb)	497.8	435.0	479.1	58.7	38.3	41.3	57.9	46.5	NA	45.8
Frozen dessert										
Production (mil gal) 4/	1,241.8	1,251.0	1,248.6	97.8	118.8	134.6	135.9	123.3	108.5	95.2

1/ Manufacturing grade milk. 2/ Prices paid f.o.b. Central States production area, high heat spray process.

3/ Milk-equivalent, fat-basis. 4/ Ice cream, ice milk, and hard sherbet. 5/ Based on average milk price after adjustment for price-support deductions. 6/ Estimated. NA = not available.

Information contact: Jim Miller (202) 786-1830.

Table 15.—Wool

	Annual			1986	1987					
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
U.S. wool price, Boston 1/ (cts/lb)	229	192	191	190	270	270	270	300	295	300
Imported wool price, Boston 2/ (cts/lb)	241	197	201	190	250	250	243	261	244	259
U.S. mill consumption, scoured										
Apparel wool (thou lb)	128,982	106,051	126,768	11,414	11,328	13,558	9,661	10,030	12,438	10,691
Carpet wool (thou lb)	13,088	10,562	9,960	980	1,190	934	1,162	1,412	1,174	1,414

1/ Wool price delivered at U.S. mills, clean basis. Graded Territory 64's (20.60-22.04 microns) staple 2-3/4" and up. 2/ Wool price delivered at U.S. mills, clean basis. Australian 60/62's, type 64A (24 micron). Duty since 1982 has been 10.0 cents.

Information contact: John Lawler (202) 786-1840.



Table 16.—Meat Animals

	Annual			1986	1987					
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
Cattle on feed (7-States)										
Number on feed (thou head) 1/	8,006	8,635	7,920	6,811	7,233	7,520	7,193	6,689	6,818	7,535
Placed on feed (thou head)	20,772	19,346	20,005	2,403	1,954	1,462	1,264	1,897	2,424	2,604
Marketings (thou head)	18,785	18,989	19,243	1,587	1,524	1,702	1,694	1,700	1,636	1,690
Other disappearance (thou head)	1,376	1,132	1,049	81	143	87	74	68	71	85
Beef steer-corn price ratio,										
Omaha 2/	21.6	23.3	31.0	42.5	40.1	38.8	41.0	44.0	42.8	41.2
Hog-corn price ratio, Omaha 2/	16.1	17.8	27.8	39.0	31.6	34.3	38.4	41.3	36.3	31.0
Market prices (\$ per cut)										
Slaughter cattle:										
Choice steers, Omaha	65.34	58.37	57.75	59.73	70.66	68.83	65.80	64.50	64.81	64.81
Utility cows, Omaha	39.81	38.32	37.19	37.32	44.36	44.72	45.64	46.35	47.62	46.41
Choice vealers, S. St. Paul	63.95	58.28	59.92	67.50	90.00	90.63	77.50	79.22	80.25	82.50
Feeder cattle:										
Choice, Kansas City, 600-700 lb.	65.28	64.56	62.79	65.10	73.38	74.00	76.20	79.38	81.50	77.00
Slaughter hogs:										
Barrows & gilts, 7-markets	48.86	44.77	51.19	54.21	55.58	61.08	61.85	60.35	54.72	48.75
Feeder pigs:										
S. Mo. 40-50 lb. (per head)	39.12	37.20	45.62	53.23	51.66	45.89	45.60	48.05	47.28	46.53
Slaughter sheep & lambs:										
Lambs, Choice, San Angelo	62.18	68.61	69.46	59.65	94.50	84.83	76.83	71.83	70.05	66.25
Ewes, Good, San Angelo	20.90	34.02	34.78	36.85	36.25	34.62	36.62	38.67	39.81	37.13
Feeder lambs:										
Choice, San Angelo	61.02	85.91	73.14	81.45	112.62	94.56	98.75	98.00	102.55	102.00
Wholesale meat prices, Midwest										
Choice steer beef, 600-700 lb.	98.01	90.76	88.98	91.80	107.80	105.71	99.29	95.45	96.87	96.77
Canner & Cutter cow beef	74.70	74.13	71.31	71.44	82.05	84.15	84.51	85.63	86.82	83.80
Pork loins, 8-14 lb. 3/	96.36	91.51	104.78	109.81	120.77	124.38	121.73	123.50	122.66	103.49
Pork bellies, 12-14 lb.	60.08	59.50	65.82	60.32	67.21	78.44	83.62	80.46	59.74	49.39
Hams, skinned, 14-17 lb.	78.22	67.50	80.01	105.20	70.98	78.91	79.93	86.15	93.58	97.81
Commercial slaughter (thou head)*										
Cattle	37,582	36,293	37,288	3,285	2,872	3,035	3,098	3,054	3,070	3,131
Steers	17,474	16,912	17,516	1,586	1,438	1,527	1,562	1,492	1,424	1,512
Heifers	10,691	11,237	11,097	931	852	901	915	958	1,055	962
Cows	8,617	7,391	7,960	703	522	547	561	547	527	593
Bulls & stags	789	758	715	65	60	60	60	58	64	64
Calves	3,297	3,385	3,408	295	202	227	232	214	243	249
Sheep & lambs	6,759	6,165	5,635	511	373	421	426	416	474	460
Hogs	85,168	84,492	79,598	7,279	6,078	6,158	6,187	6,176	7,030	7,723
Commercial production (mil lb)										
Beef	23,418	23,557	24,213	2,146	1,851	1,958	2,017	2,005	2,041	2,098
Veal	479	499	509	44	32	35	34	30	36	37
Lamb & mutton	371	352	331	30	22	24	25	24	28	28
Pork	14,720	14,728	13,988	1,285	1,070	1,086	1,082	1,074	1,228	1,363

	Annual			1986	1987					
	1984	1985	1986	II	III	IV	I	II	III	IV
Cattle on feed (13-States)										
Number on feed (thou head) 1/	9,908	10,653	9,754	8,845	7,970	8,197	9,235	8,797	8,666	8,992
Placed on feed (thou head)	24,917	23,366	23,553	5,221	6,336	6,726	5,700	5,961	6,557	---
Marketings (thou head)	22,540	22,887	22,836	5,821	5,876	5,376	5,767	5,669	5,986	5/5,514
Other disappearance (thou head)	1,632	1,398	1,236	375	233	312	371	423	245	---
Hogs & pigs (10-States) 4/										
Inventory (thou head) 1/	42,420	41,100	39,870	38,210	37,845	39,335	39,870	39,235	40,580	42,825
Breeding (thou head) 1/	5,348	5,258	5,155	4,948	4,840	4,840	5,155	5,230	5,290	5,295
Market (thou head) 1/	37,072	35,842	34,715	33,262	33,005	34,495	34,715	34,005	35,290	37,530
Farrowings (thou head)	9,020	8,831	8,208	2,161	2,034	2,150	1,957	2,337	2,262	5/2,307
Pig crop (thou head)	67,680	67,648	63,714	16,878	15,853	16,729	15,156	18,485	17,520	---

1/ Beginning of period. 2/ Bushels of corn equal in value to 100 pounds live-weight. 3/ Beginning January 1984 prices are for 14-17 lb.; January 1986 prices are for 14-18 lb. 4/ Quarters are Dec. of preceding year-Feb. (I), Mar.-May (II), June-Aug. (III), and Sept.-Nov. (IV). 5/ Intentions. \*Classes estimated.

Information contact: Ron Gustafson or Leland Southard (202) 786-1830.

# Crops and Products

Table 17.—Supply & Utilization<sup>1,2</sup>

	Area			Yield	Production	Total supply	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price
	Set aside 3/	Planted	Harvested									
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Wheat												
1982/83	5.8	86.2	77.9	35.5	2,765	3,932	195	713	1,509	2,417	1,515	3.45
1983/84	30.0	76.4	61.4	38.4	2,420	3,839	368	742	1,428	2,540	1,399	3.51
1984/85	18.6	79.2	66.9	38.8	2,595	4,003	405	749	1,474	2,578	1,425	3.39
1985/86*	18.8	75.6	64.7	37.5	2,425	3,866	270	776	915	1,961	1,905	3.08
1986/87*	21.0	72.1	60.7	34.4	2,092	4,018	385	808	1,004	2,197	1,821	2.42
1987/88*	23.9	65.8	55.9	37.6	2,105	3,941	375	830	1,450	2,655	1,286	2.45-2.65
	Mil. acres		lb/acre				Mil. cwt (rough equiv.)				\$/cwt	
Rice												
1982/83	0.42	3.30	3.26	4,710	153.6	203.4	--	6/62.9	68.9	131.8	71.5	7.91
1983/84	1.74	2.19	2.17	4,598	99.7	171.9	--	6/54.7	70.3	125.0	46.9	8.57
1984/85	.79	2.83	2.80	4,954	138.8	187.3	--	6/60.5	62.1	122.6	64.7	8.04
1985/86*	1.24	2.51	2.49	5,414	134.9	201.8	--	6/65.8	58.7	124.5	77.3	6.53
1986/87*	1.26	2.40	2.38	5,648	134.4	214.3	--	6/73.8	65.4	159.2	55.1	3.80
1987/88*	1.38	2.34	2.33	5,547	129.4	187.1	--	6/78.5	81.5	160.0	27.1	5.00-7.00
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Corn												
1982/83	2.1	81.9	72.7	113.2	8,235	10,772	4,521	894	1,834	7,249	3,523	2.55
1983/84	32.2	60.2	51.5	81.1	4,175	7,700	3,818	875	1,901	6,634	1,006	3.21
1984/85	3.9	80.5	71.8	106.7	7,674	8,684	4,079	1,091	1,865	7,036	1,648	2.63
1985/86*	5.4	83.4	75.2	118.0	8,877	10,536	4,095	1,160	1,241	6,496	4,040	2.23
1986/87*	13.6	76.7	69.2	119.3	8,253	12,294	4,717	1,181	1,504	7,412	4,882	1.50
1987/88*	21.1	66.0	59.6	120.3	7,166	12,050	4,800	1,225	1,700	7,725	4,325	1.60-1.80
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Sorghum												
1982/83	0.7	16.0	14.1	59.1	835	1,154	495	10	210	715	439	2.47
1983/84	5.7	11.9	10.0	48.7	488	927	385	10	245	640	287	2.74
1984/85	6	17.3	15.4	56.4	866	1,154	539	18	297	854	300	2.32
1985/86*	.8	18.3	16.8	66.8	1,120	1,420	664	28	178	869	55.1	1.93
1986/87*	2.3	15.3	13.8	67.7	942	1,483	548	15	198	761	732	1.37
1987/88*	3.9	11.8	10.5	70.5	741	1,472	550	15	225	790	662	1.50-1.75
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Barley												
1982/83	0.4	9.5	9.0	57.2	516	675	241	170	47	458	217	2.18
1983/84	1.1	10.4	9.7	52.3	509	733	282	170	92	544	189	2.47
1984/85	.5	12.0	11.2	53.4	599	799	304	170	77	551	247	2.29
1985/86*	.7	13.2	11.6	51.0	591	848	333	169	22	523	325	1.88
1986/87*	1.8	13.1	12.0	50.8	611	942	276	174	137	886	356	1.61
1987/88*	2.9	11.0	10.0	51.7	518	879	275	175	125	575	304	1.70-2.00
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Oats												
1982/83	0.1	14.0	10.3	57.8	593	749	441	85	3	529	220	1.49
1983/84	.3	20.3	9.1	52.6	477	727	466	78	2	546	181	1.62
1984/85	.1	12.4	8.2	58.0	474	689	433	74	1	509	190	1.67
1985/86*	.1	13.3	8.2	63.7	521	728	460	82	2	544	184	1.23
1986/87*	.4	14.7	6.9	56.9	386	603	395	73	3	471	133	1.21
1987/88*	.9	18.0	6.9	53.3	369	537	350	75	1	426	111	1.40-1.70
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Soybeans												
1982/83	0	70.9	69.4	31.5	2,190	2,444	7/86	1,108	905	2,099	345	5.68
1983/84	0	63.8	62.5	26.2	1,636	1,981	7/79	983	743	1,805	176	7.83
1984/85	0	67.8	66.1	28.1	1,861	2,037	7/93	1,030	598	1,721	316	5.84
1985/86*	0	63.1	61.6	34.1	2,099	2,415	7/86	1,053	740	1,879	536	6.05
1986/87*	0	60.4	58.3	33.3	1,940	2,476	7/104	1,179	757	2,040	436	4.80
1987/88*	0	58.7	57.6	34.1	1,960	2,396	7/96	1,205	760	2,061	335	5.10-5.70
	Mil. acres		Bu/acre				Mil. bu				\$/bu	
Soybean oil												
1982/83	--	--	--	--	12,041	13,144	--	9,858	2,025	11,883	1,261	20.6
1983/84	--	--	--	--	10,872	12,133	--	9,588	1,824	11,412	721	30.6
1984/85	--	--	--	--	11,468	12,209	--	9,917	1,660	11,577	632	29.5
1985/86*	--	--	--	--	11,617	12,257	--	10,053	1,257	11,310	947	18.0
1986/87*	--	--	--	--	12,783	13,745	--	10,833	1,187	12,020	1,725	15.4
1987/88*	--	--	--	--	13,175	14,900	--	11,250	1,600	12,850	2,050	16.0-19.0
							Thou. tons				g/ \$/ton	
Soybean meal												
1982/83	--	--	--	--	26,714	26,889	--	19,306	7,109	26,415	474	187
1983/84	--	--	--	--	22,756	23,230	--	17,615	5,360	22,975	255	188
1984/85	--	--	--	--	24,529	24,784	--	19,480	4,917	24,397	387	125
1985/86*	--	--	--	--	24,851	25,338	--	19,090	6,036	25,126	212	155
1986/87*	--	--	--	--	27,758	27,970	--	20,387	7,343	27,730	240	163
1987/88*	--	--	--	--	28,560	28,800	--	21,000	7,600	28,500	300	175-203

See footnotes at end of table.



Table 17.— Supply &amp; Utilization, continued

	Area				Production	Total supply	Feed and residual	Other domestic use	Exports	Total use	Ending stocks	Farm price 5/
	Set aside 3/	Planted	Harvested	Yield								
	Mill. acres		10/acre									4/10
Cotton 10/												
1982/83	1.6	11.3	9.7	580	12.0	18.6	--	5.5	5.2	10.7	7.9	59.5
1983/84	6.8	7.9	7.3	508	7.8	15.7	--	5.9	6.8	12.7	2.8	65.3
1984/85	2.5	11.1	10.4	600	13.0	15.8	--	5.5	6.2	11.8	4.1	58.7
1985/86*	3.6	10.7	10.2	630	13.4	17.6	--	6.4	2.0	8.4	9.4	56.5
1986/87*	3.3	10.0	8.5	552	9.7	18.1	--	7.4	6.7	14.1	5.0	52.2
1987/88*	3.1	10.4	9.9	695	14.3	19.3	--	7.8	7.2	15.0	4.4	--

\*December 10, 1987 Supply and Demand Estimates. 1/ Marketing year beginning June 1 for wheat, barley, and oats, August 1 for cotton and rice, September 1 for soybeans, corn, and sorghum, October 1 for soybean, and soyoil. 2/ Conversion factors: Hectare (ha.) = 2.471 acres, 1 metric ton = 2204.622 pounds, 36.7437 bushels of wheat or soybeans, 39.3679 bushels of corn or sorghum, 45.9296 bushels of barley, 68.8944 bushels of oats, 27.046 cwt. of rice, and 4.59 480-pound bales of cotton. 3/ Includes diversion, PIK, and acreage reduction programs. 4/ Includes imports. 5/ Market average prices do not include an allowance for loans outstanding and Government purchases. 6/ Residual included in domestic use. 7/ Includes seed. 8/ Average of crude soybean oil, Decatur. 9/ Average of 44 percent, Decatur. 10/ Upland and extra long staple. Stock estimates based on Census Bureau data which results in an unaccounted difference between supply and use estimates and changes in ending stocks.

Information contact: Commodity Economics Division, Crops Branch (202) 786-1840.

Table 18.— Food Grains

	Marketing year 1/				1986		1987			
	1983/84	1984/85	1985/86	1986/87	Oct	June	July	Aug	Sept	Oct
Wholesale prices										
Wheat, No. 1 HRW, Kansas City (\$/bu) 2/	3.84	3.74	3.28	2.72	2.60	2.70	2.59	2.65	2.78	2.90
Wheat, DNS, Minneapolis (\$/bu) 2/	4.21	3.70	3.25	2.62	2.70	2.66	2.52	2.60	2.74	2.85
Rice, S.W. La. (\$/cwt) 3/	19.38	17.98	16.11	10.25	10.25	10.50	10.50	11.00	12.25	17.70
Wheat										
Exports (mil bu)	1,429	1,424	915	1,004	91	126	166	118	124	NA
Mill grind (mil bu)	694	676	711	779	71	67	64	66	67	NA
Wheat flour production (mil cwt)	308	301	320	351	32	29	28	30	30	NA
Rice										
Exports (mil cwt, rough equiv)	70.3	62.1	58.7	85.4	8.1	37.6	10.0	7.0	4.5	10.0
	Marketing year 1/				1986		1987			
	1984/85	1985/86	1986/87	Jan-Mar	Apr-May	Jun-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug
Wheat										
Stocks, beginning (mil bu)	1,399	1,425	1,905	2,526.1	2,130.0	1,905.0	3,154.6	2,671.5	2,249.8	1,820.9
Domestic use:										
Food (mil bu)	651	683	714	166.9	110.7	174.1	192.2	177.2	180.2	184.9
Feed & seed (mil bu) 4/	502	363	548	4.9	1.8	346.8	31.1	47.6	38.7	374.8
Exports (mil bu)	1,424	915	1,004	226.1	115.3	320.6	263.4	202.7	216.8	419.9

1/ Beginning June 1 for wheat and August 1 for rice. 2/ Ordinary protein. 3/ Long-grain, milled basis. 4/ Feed use approximated by residual. NA = not available.

Information contacts: Ed Allen and Janet Livezey (202) 786-1840.

Table 19.— Cotton

	Marketing year 1/				1986		1987			
	1983/84	1984/85	1985/86	1986/87	Oct	June	July	Aug	Sept	Oct
U.S. Price, SLM, 1-1/16 in. (cts/lb) 2/	73.1	60.5	60.0	53.2	44.0	70.4	73.1	75.9	71.4	64.3
Northern Europe Prices:										
Index (cts/lb) 3/	87.6	69.2	48.9	62.0	51.2	79.3	83.2	86.6	83.6	76.2
U.S. M 1-3/32 in. (cts/lb) 4/	87.1	73.9	64.8	61.8	52.4	76.2	81.8	87.4	83.1	76.8
U.S. mill consumption (thou bales)	5,927	5,545	6,399	7,452	660	655	655	666	694	717
Exports (thou bales)	6,786	6,201	1,969	6,684	648	468	575	420	315	332
Stocks, beginning (thou bales)	7,937	2,775	4,102	9,348	5,185	7,298	6,176	5,026	4,381	6,218

1/ Beginning August 1. 2/ Average spot market. 3/ Liverpool Outlook (A) Index; average of 5 lowest priced of 11 selected growths. 4/ Memphis territory growths.

Information contact: Bob Skinner (202) 786-1840.

Table 20.—Feed Grains

	Marketing year 1/				1986	1987				
	1983/84	1984/85	1985/86	1986/87	Oct	June	July	Aug	Sept	Oct
Wholesale prices										
Corn, No. 2 yellow, Chicago (\$/bu)	3.46	2.79	2.35	1.64	1.51	1.88	1.68	1.53	1.63	1.73
Sorghum, No. 2 yellow, Kansas City (\$/cwt)	5.22	4.46	3.72	2.73	2.60	3.20	2.80	2.55	2.65	2.75
Barley, feed, Minneapolis (\$/bu) 2/	2.48	2.09	1.53	1.60	1.50	1.73	1.59	1.60	1.76	1.70
Barley, malting, Minneapolis (\$/bu)	2.84	2.55	2.24	1.89	1.93	2.07	1.93	1.73	1.98	2.08
Exports										
Corn (mil bu)	1,902	1,865	1,241	1,504	125	121	135	112	136	NA
Feed grains (mil metric tons) 3/	56.5	56.6	36.6	46.3	4.0	3.4	4.2	3.2	4.1	NA
	Marketing year 1/				1986	1987				
	1983/84	1984/85	1985/86	1986/87	Mar-May	June-Aug	Sept-Nov	Dec-Feb	Mar-May	Jun-Aug
Corn										
Stocks, beginning (mil bu)	3,523	1,006	1,648	4,040	6,587	4,990	4,040	10,304	8,248	6,332
Domestic use:										
Feed (mil bu)	3,818	4,079	4,095	4,717	1,086	494	1,388	1,471	1,089	749
Food, seed, ind. (mil bu)	975	1,091	1,160	1,191	309	308	280	270	325	315
Exports (mil bu)	1,902	1,865	1,241	1,504	204	154	321	315	502	386
Total use (mil bu)	6,694	7,036	6,496	7,412	1,599	956	1,989	2,056	1,917	1,451

1/ September 1 for corn and sorghum; June 1 for oats and barley. 2/ Beginning March 1987 reporting point changed from Minneapolis to Duluth. 3/ Aggregated data for corn, sorghum, oats, and barley. NA = not available.

Information contact: Larry Van Meir (202) 786-1840.

Table 21.—Fats &amp; Oils

	Marketing year 1/				1986	1987				
	1982/83	1983/84	1984/85	1985/86	Sept	May	June	July	Aug	Sept
Soybeans										
Wholesale price, No. 1 yellow, Chicago (\$/bu) 2/	6.11	7.78	5.88	5.20	4.74	5.46	5.56	5.31	5.02	5.14
Crushings (mil bu)	1,107.8	982.7	1,030.5	1,052.8	79.4	95.3	90.6	92.6	82.4	79.7
Exports (mil bu)	905.2	742.8	598.2	740.0	30.2	37.6	37.9	54.3	54.5	56.7
Stocks, beginning (mil bu)	254.5	344.6	175.7	316.0	28.5	85.2	72.9	63.6	49.8	31.2
Soybean oil										
Wholesale price, crude, Decatur (cts/lb)	20.62	30.55	29.52	18.0	13.94	16.22	15.96	15.41	15.16	15.58
Production (mil lb)	12,040.4	10,872.0	11,467.9	11,620.4	886.7	1,037.6	980.9	1,013.7	891.3	891.4
Domestic disp. (mil lb)	9,857.3	9,598.6	9,916.7	10,062.8	868.9	910.2	973.2	992.5	835.0	909.7
Exports (mil lb)	2,024.7	1,813.6	1,659.8	1,257.2	223.4	47.4	85.0	175.6	261.0	224.8
Stocks, beginning (mil lb)	1,102.5	1,260.9	720.5	632.5	1,152.2	2,344.1	2,416.0	2,338.6	2,184.2	1,979.4
Soybean meal										
Wholesale price, 44% protein, Decatur (\$/ton)	187.19	188.21	125.46	154.90	165.20	174.90	187.10	181.25	169.90	177.20
Production (thou ton)	26,713.6	22,756.2	24,529.3	24,957.8	1,872.4	2,245.6	2,134.9	2,185.2	1,948.9	1,887.7
Domestic disp. (thou ton)	19,306.0	17,615.2	19,481.7	19,122.3	1,646.1	1,740.1	1,739.5	1,673.2	1,558.5	1,744.2
Exports (thou ton)	7,108.7	5,359.7	4,916.5	6,007.0	312.9	427.8	455.8	480.3	382.0	204.6
Stocks, beginning (thou ton)	175.2	474.1	255.4	387.0	298.3	244.0	321.7	261.3	292.9	301.3
Margarine, wholesale price, Chicago, white (cts/lb)	41.1	46.3	55.4	42.1	38.00	40.13	39.50	38.88	39.20	40.00

1/ Beginning September 1 for soybeans; October 1 for soybean meal and oil; calendar year for margarine. 2/ Beginning April 1, 1982, prices based on 30-day delivery, using upper end of the range.

Information contacts: Roger Hoskin (202) 786-1840; Tom Bickerton (202) 786-1691.



Table 22.—Farm Programs, Price Supports, Participation &amp; Payment Rates

	Target price	Loan rate	Findley loan rate	Payment rates			Base acres	Program 1/	Participation rate 2/
				Deficiency	Paid land diversion	PIK			
				\$/bu		Percent 3/	Mill. acres		Percent of base
<b>Wheat</b>									
1982/83	4.05	3.53		.50			90.7	15/0/0	48
1983/84	4.30	3.65		.65	2.70	95	90.8	15/5/10-30	78/78/51
1984/85	4.38	3.30		1.00	2.70	85	94.0	20/10/10-20	60/60/20
1985/86	4.36	3.30		1.08	2.70		94.0	20/10/0	73
1986/87 4/	4.38	3.00	2.40	1.98	2.00	1.10	91.7	22.5/2.8/5-10 R	84/21/84
1987/88	4.38	2.85	2.28	2.10			89.6	27.5/0/0	83
<b>Rice</b>									
1982/83	10.85	8.14		2.71			3.97	18/0/0	78
1983/84	11.40	8.14		2.77	2.70	80	3.85	15/5/10-30	98/98/87
1984/85	11.80	8.00		3.76			4.16	25/0/0	85
1985/86	11.90	8.00	5/3.40	3.90	3.50		4.23	20/15/0	89
1986/87 4/	11.80	7.20	5/3.45	4.70			4.20	35/0/0	92
1987/88	11.66	6.84	5/3.50	4.82			4.22	35/0/0	93
<b>Corn</b>									
1982/83	2.70	6/2.55		.15			81.2	10/0/0	28
1983/84	2.86	2.55		0	1.50	80	82.6	10/10/10-30	71/71/60
1984/85	3.03	2.55		.43			80.8	10/0/0	54
1985/86	3.03	2.55		.48			84.2	10/0/0	69
1986/87 4/	3.03	2.40	1.92	1.11	.73		81.9	17.5/2.5/0	85
1987/88	3.03	2.28	1.82	1.21	2.00		83.3	20/15/0	88/55
<b>Sorghum</b>									
1982/83	2.60	2.42		.18			17.7	7/[same]	47
1983/84	2.72	2.52		0	1.50	80	18.0		72/72/53
1984/85	2.88	2.42		.46			18.2		42
1985/86	2.88	2.42		.46			19.3		55
1986/87 4/	2.88	2.28	1.82	1.06	.65		18.7		75
1987/88	2.88	2.18	1.74	1.14	1.90		18.1		83/42
<b>Barley</b>									
1982/83	2.60	2.08		.40			10.5	7/[same]	46
1983/84	2.60	2.15		.21	1.00		11.0		55/55/0
1984/85	2.60	2.08		.26			11.6		44
1985/86	2.60	2.08		.52			13.3		57
1986/87 4/	2.60	1.95	1.56	1.04	.57		12.4		73
1987/88	2.60	1.86	1.49	1.11	1.60		12.8		82/23
<b>Oats</b>									
1982/83	1.50	1.31		0			10.4	7/[same]	14
1983/84	1.60	1.36		.11	.75		9.8		20/20/0
1984/85	1.60	1.31		0			9.8		14
1985/86	1.60	1.31		.29			9.4		16
1986/87 4/	1.60	1.24	.99	.50	.36		9.5		37
1987/88	1.60	1.18	.94	.55	.80		8.7		44/15
<b>Soybeans 8/</b>									
1982/83		5.02							
1983/84		5.02							
1984/85		5.02							
1985/86		5.02							
1986/87 4/		5.02	4.77						
1987/88		5.02	4.77						
<b>Upland cotton</b>									
1982/83	71.0	57.10		13.92			15.3	15/0/0	78
1983/84	76.0	55.00		12.10	25.00	85	15.4	20/5/10-30	93/93/77
1984/85	81.0	55.00		18.60			15.6	25/0/0	70
1985/86	81.0	57.30		23.70	30.00		15.8	20/10/0	82/0/0
1986/87 4/	81.0	55.00	8/44.00	26.00			15.5 R	25/0/0	90 R
1987/88 R	77.0	51.80	10/	18.40			14.6	12.5/0/0	89

1/ Percentage of base acres farmers participating in acreage reduction programs/paid land diversion/PIK were required to devote to conserving uses to receive program benefits. In addition to the percentages shown for 1983/84, farmers had the option of submitting bids to retire their entire base acreage. 2/ Percentage of base acres enrolled in acreage reduction programs/paid land diversion/PIK. 3/ Percent of program yield, except 1986/87 wheat, which is dollars per bushel. 1983 and 1984 PIK rates apply only to the 10-20 and 10-20 portions, respectively. 4/ Payment rates for payments received in cash were reduced by 4.3 percent in 1986/87 due to Gramm-Rudman-Holings. 5/ Annual average world market price. 6/ The reserve loan rate was \$2.90. 7/ The sorghum, barley, and oat programs were the same as for corn each year except 1983/84, when PIK was not offered on barley and oats. 8/ There are no target prices, acreage programs, or payment rates for soybeans. 9/ Loan repayment rate. 10/ Loans may be repaid at the lower of the loan rate or world market prices. R = revised.

Information contact: Larry van Weir (202) 786-1840.

Table 23.—Fruit

	Calendar years											
	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 P
<b>Citrus</b>												
Production (thou ton)	14,788	15,242	14,255	13,329	16,484	15,105	12,057	13,608	10,792	10,488	11,074	11,952
Per capita consumption (lbs) 1/	119.3	117.2	124.5	107.4	108.5	112.7	104.7	109.6	120.2	102.8	115.7	109.8
<b>Non Citrus</b>												
Production (thou tons)	12,384	11,846	12,274	12,460	13,689	15,152	12,961	14,217	14,154	14,292	14,188	13,861
Per capita consumption (lbs) 1/	85.8	84.2	84.3	82.5	85.8	87.3	88.1	89.0	89.0	93.7	92.6	95.3
	1986						1987					
	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
<b>Fob shipping point prices</b>												
Apples (\$/canton) 2/	13.63	14.00	10.67	14.00	14.50	15.35	16.63	17.60	14.34	11.60	NA	7.93
Pears (\$/box) 3/	15.10	14.50	16.00	15.63	14.75	14.10	15.28	21.00	NA	NA	NA	12.00
Oranges (\$/box) 4/	4.84	3.90	4.01	4.83	4.68	5.15	5.62	6.47	6.29	6.18	6.01	7.36
Grapefruit (\$/box) 4/	6.46	5.69	5.80	4.72	2.64	1.85	2.27	4.34	5.58	5.95	5.07	5.07
<b>Stocks, ending</b>												
Fresh apples (mil lbs)	3,532.2	2,891.7	2,307.2	1,720.2	1,174.0	751.9	386.3	203.8	74.9	4.1	2,684.2	5,466.0
Fresh pears (mil lbs)	281.2	214.7	170.9	127.1	92.1	53.7	21.1	1.7	11.8	195.2	505.4	425.8
Frozen fruits (mil lbs)	777.5	720.9	632.3	563.0	497.7	495.6	510.6	625.9	865.7	908.3	908.7	957.9
Frozen orange juice (mil lbs)	524.8	621.2	877.8	1,015.7	937.1	994.8	1,112.6	1,108.6	945.9	797.6	843.2	670.7

1/ Per capita consumption for total U.S. population, including military consumption of both fresh and processed fruit in fresh weight equivalent. 2/ Red Delicious, Washington, extra fancy, carton tray pack, 80-113's. 3/ D'Anjou, Washington, standard box wrapped, U.S. No. 1, 90-135's. 4/ U.S. equivalent on-tree returns. NA = not available. P = preliminary.

Information contact: Ben Huang (202) 786-1767.

Table 24.—Vegetables

	Calendar years												
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986			
Production													
Total vegetables (1,000 cwt) 1/	402,936	382,165	413,925	381,370	379,123	431,515	403,320	457,392	453,769	445,436			
Fresh (1,000 cwt) 1/ 2/	176,541	182,563	190,859	190,228	194,694	207,924	197,919	217,132	217,932	216,267			
Processed (tons) 3/	11,319,750	9,980,100	11,153,300	9,557,100	8,221,460	11,179,590	10,270,050	12,013,020	11,783,240	11,616,560			
Mushrooms (1,000 lbs)	398,703	454,007	470,069	469,576	517,146	490,826	561,531	595,681	587,956	NA			
Potatoes (1,000 cwt)	355,334	366,314	342,447	302,857	338,391	355,131	333,911	362,612	407,109	354,468			
Sweetpotatoes (1,000 cwt)	11,885	13,115	13,370	10,953	12,799	14,833	12,083	12,986	14,853	12,674			
Dry edible beans (1,000 cwt)	16,555	18,935	20,552	26,729	32,751	25,563	15,520	21,070	22,175	22,898			
	1986			1987									
	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Shipments													
Fresh (1,000 cwt) 4/	19,275	15,967	15,766	20,607	18,066	22,286	20,011	23,887	35,745	23,791	16,728	15,895	16,194
Potatoes (1,000 cwt)	11,332	9,928	10,836	14,569	10,881	15,668	13,560	12,165	12,622	7,631	8,768	8,990	9,855
Sweetpotatoes (1,000 cwt)	428	706	389	278	259	293	289	177	98	34	134	275	384

1/ 1983 data are not comparable with 1984 and 1985. 2/ Estimate reinstated for asparagus with the 1984 crop, all other years also include broccoli, carrots, cauliflower, celery, sweet corn, lettuce, honeydews, onions, and tomatoes. 3/ Estimates reinstated for cucumbers with the 1984 crop, all other years also include snap beans, sweet corn, green peas, and tomatoes. 4/ Includes snap beans, broccoli, cabbage, carrots, cauliflower, celery, sweet corn, cucumbers, eggplant, lettuce, onions, bell peppers, squash, tomatoes, cantaloupes, honeydews, and watermelons. NA = not available.

Information contact: Shannon Hamm or Cathy Greene (202) 786-1767.

Table 25.—Other Commodities

	Annual					1986		1987		
	1982	1983	1984	1985	1986 F	July-Sept	Oct-Dec	Jan-Mar	Apr-June	July-Sept
<b>Sugar</b>										
Production 1/	5,936	5,682	5,890	5,969	6,257	685	3,231	2,024	766	866
Deliveries 1/	9,153	8,812	8,454	8,035	7,786	2,069	1,991	1,908	2,002	2,097
Stocks, ending 1/	3,068	2,570	3,005	3,126	3,227	1,652	3,227	3,497	2,476	1,514
<b>Coffee</b>										
Composite green price N.Y. (cts/lb.)	132.00	131.51	142.95	137.46	185.18	174.92	159.69	115.38	105.91	99.14
Imports, green bean equiv. (million lbs) 2/	2,352	2,259	2,411	2,550	2,596	635	498	563	790	651
	Annual				1986	1987				
	1984	1985	1986	Aug	Mar	Apr	May	June	July	Aug
<b>Tobacco</b>										
Prices at auctions 3/										
Flue-cured (dol/lb)	1.81	1.72	1.52	1.45	NQ	NQ	NQ	NQ	NQ	1.47
Burley (dol/lb)	1.88	1.59	1.57	NQ	NQ	NQ	NQ	NQ	NQ	NQ
Domestic consumption 4/										
Cigarettes (bil)	600.4	594.0	584.0	51.4	53.0	42.2	51.0	61.8	37.9	49.8
Large cigars (bil)	3,493	3,226	3,090	251.7	235.5	212.7	233.1	290.7	193.0	220.2

1/ 1,000 short tons, raw value. Quarterly data shown at end of each quarter. 2/ Green and processed coffee. 3/ Crop year July-June for flue-cured, October-September for burley. 4/ Taxable removals. F = forecast. NQ = no quote.

Information contacts: (sugar) Dave Harvey (202) 786-1769; (coffee) Fred Gray (202) 786-1769; (tobacco) Verner Grise (202) 786-1768.



Table 26.—World Supply &amp; Utilization of Major Crops, Livestock, &amp; Products

	1981/82	1982/83	1983/84	1984/85	1985/86	1986/87 F	1987/88 F
Million units							
<b>Wheat</b>							
Area (hectare)	238.7	237.7	229.1	231.4	229.3	228.0	219.8
Production (metric ton)	449.5	477.5	489.4	511.5	499.2	528.8	500.8
Exports (metric ton) 1/	101.3	98.7	102.0	107.0	84.8	91.3	100.1
Consumption (metric ton) 2/	443.6	462.2	482.2	495.6	487.3	518.9	521.4
Ending stocks (metric ton) 3/	87.0	102.3	109.5	125.3	137.2	147.2	126.5
<b>Coarse grains</b>							
Area (hectare)	349.9	339.7	335.3	335.5	340.6	336.7	327.0
Production (metric ton)	766.0	784.4	687.0	813.8	842.1	833.0	797.6
Exports (metric ton) 1/	86.6	89.6	93.0	100.6	83.2	83.7	85.8
Consumption (metric ton) 2/	737.7	753.1	761.9	783.0	766.7	802.8	817.6
Ending stocks (metric ton) 3/	120.7	151.8	77.1	107.8	183.1	213.4	193.4
<b>Rice, milled</b>							
Area (hectare)	145.2	141.1	144.3	144.4	144.7	145.4	141.6
Production (metric ton)	280.6	285.7	308.0	319.2	320.0	317.1	301.6
Exports (metric ton) 4/	11.8	11.9	12.6	11.5	12.8	12.5	10.4
Consumption (metric ton) 2/	281.5	290.3	308.6	313.8	316.1	319.1	309.1
Ending stocks (metric ton) 3/	21.3	17.3	17.2	22.3	26.3	24.3	16.8
<b>Total grains</b>							
Area (hectare)	733.8	718.5	708.7	711.3	714.6	710.1	688.4
Production (metric ton)	1,496.1	1,547.6	1,484.4	1,644.5	1,661.3	1,678.9	1,600.0
Exports (metric ton) 1/	208.7	200.2	207.6	219.1	180.8	187.5	196.3
Consumption (metric ton) 2/	1,462.8	1,505.6	1,552.7	1,592.4	1,570.1	1,640.8	1,648.1
Ending stocks (metric ton) 3/	229.0	271.4	203.8	255.4	346.6	384.9	336.7
<b>Oilseeds</b>							
Crush (metric ton)	138.9	143.5	136.1	150.5	153.8	158.5	163.4
Production (metric ton)	169.4	178.2	165.5	191.3	196.0	194.1	203.0
Exports (metric ton)	35.8	35.2	33.0	33.0	34.4	37.7	38.3
Ending stocks (metric ton)	13.5	20.5	15.8	21.2	26.8	23.7	22.8
<b>Meals</b>							
Production (metric ton)	94.5	98.1	92.7	101.7	104.1	108.2	112.1
Exports (metric ton)	28.8	31.6	29.7	32.3	34.3	36.3	36.3
<b>Oils</b>							
Production (metric ton)	41.6	43.4	42.2	46.1	49.1	49.5	51.4
Exports (metric ton)	13.4	14.0	13.7	15.6	16.4	16.6	16.9
<b>Cotton</b>							
Area (hectare)	33.0	31.4	31.0	33.9	31.8	30.0	32.1
Production (bale)	71.2	68.1	67.7	88.1	78.1	69.6	76.8
Exports (bale)	20.2	19.4	19.2	20.5	20.5	25.8	24.2
Consumption (bale)	66.2	68.3	68.7	70.4	76.8	82.9	82.3
Ending stocks (bale)	25.2	25.1	25.1	42.3	45.4	31.5	25.8
	1982	1983	1984	1985	1986	1987 F	1988 F
<b>Red meat</b>							
Production (mil metric tons)	94.8	97.5	99.3	103.3	105.6	105.5	107.2
Consumption (mil metric tons)	93.3	95.8	97.4	101.2	104.7	103.8	105.9
Exports (mil metric tons) 1/	5.8	5.9	5.8	6.2	6.6	6.5	6.7
<b>Poultry</b>							
Production (mil metric tons)	23.7	24.4	25.2	26.2	27.3	29.0	30.1
Consumption (mil metric tons)	23.3	24.3	24.8	25.9	26.9	28.5	29.7
Exports (mil metric tons) 1/	1.4	1.3	1.3	1.2	1.3	1.4	1.5
<b>Dairy</b>							
Milk production (mil metric tons)	396.9	413.0	413.4	417.8	424.2	419.2	421.7

1/ Excludes intra-EC trade. 2/ Where stocks data not available (excluding USSR), consumption includes stock changes.  
 3/ Stocks data are based on differing marketing years and do not represent levels at a given date. Data not available for all countries; includes estimated change in USSR grain stocks but not absolute level. 4/ Calendar year date. 1982 data correspond with 1981/82, etc. F = forecast.

Information contacts: Frederic Suris; (red meat, poultry) Linda Bailey (202) 786-1693; (dairy) Sara Short (202) 786-1823.

# U.S. Agricultural Trade

Table 27.—Prices of Principal U.S. Agricultural Trade Products

	Annual			1986		1987				
	1984	1985	1986	Oct	May	June	July	Aug	Sept	Oct
<b>Export commodities</b>										
Wheat, f.o.b. vessel,										
Gulf ports (\$/bu)	4.17	3.73	3.19	2.86	3.28	2.99	2.89	2.95	3.09	3.17
Corn, f.o.b. vessel, Gulf ports (\$/bu)	3.50	2.89	2.27	1.69	2.08	2.08	1.96	1.82	1.89	2.02
Grain sorghum,										
f.o.b. vessel, Gulf ports (\$/bu)	3.00	2.64	2.16	1.81	2.01	2.01	1.90	1.74	1.78	1.89
Soybeans, f.o.b. vessel, Gulf ports (\$/bu)	7.38	5.83	5.45	5.13	5.71	5.82	5.74	5.51	5.53	5.55
Soybean oil, Decatur (cts/lb)	30.75	27.03	16.36	14.61	15.93	15.57	15.05	14.93	15.26	16.78
Soybean meal, Decatur (\$/ton)	166.80	127.15	157.62	152.85	175.70	187.25	179.84	168.93	178.96	185.86
Cotton, 8 market avg. spot (cts/lb)	68.37	58.55	53.47	43.91	65.94	70.42	73.06	75.89	71.41	64.22
Tobacco, avg. price at auction (cts/lb)	170.64	172.05	153.93	145.59	145.59	145.59	141.80	141.45	152.15	152.84
Rice, f.o.b. mill, Houston (\$/cwt)	19.47	18.49	14.60	13.00	10.50	10.50	10.50	10.50	11.75	19.44
Inedible tallow, Chicago (cts/lb)	17.47	14.33	9.03	8.44	15.13	14.73	15.17	14.50	15.53	15.23
<b>Import commodities</b>										
Coffee, N.Y. spot (\$/lb)	1.46	1.42	2.01	1.87	1.09	1.08	1.00	.96	.97	1.05
Rubber, N.Y. spot (cts/lb)	49.70	41.91	42.87	46.87	49.06	50.58	53.47	53.73	54.17	53.76
Cocoa beans, N.Y. (\$/lb)	1.06	.99	.88	.91	.90	.87	.93	.89	.87	.84

Information contact: Mary Teymourian (202) 786-1692.

Table 28.—Indexes of Nominal & Real Trade-Weighted Dollar Exchange Rates

	1986	1987										
	Dec	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov
Total U.S. trade 1/												
Nominal	107	101	99	99	97	96	98	99	99	97*	97*	92*
Agricultural trade												
Nominal 2/	4.903	5.238	6.102	6.954	7.783	9.838	12.507	14.245	14.933	15.794	16.859	18.559
Real 3/	88	86	85	85	83	83	85*	85*	85*	84*	83*	83*
Soybeans												
Nominal 2/	305	314	327	343	358	374	394	412	428	444	460	491
Real 3/	75	72	71	71	69	69	70*	71*	71*	69*	69*	69*
Wheat												
Nominal 2/	27.616	29.557	34.601	39.700	44.815	57.302	73.477	83.997	88.101	93.144	99.717	109.724
Real 3/	107	105	104	106	103	104	106*	106*	104*	103*	102*	101*
Corn												
Nominal 2/	4.534	4.842	5.631	6.407	7.158	9.020	11.436	13.013	13.642	14.427	15.392	16.943
Real 3/	79	76	76	76	74	73	74*	75*	74*	73*	72*	72*
Cotton												
Nominal 2/	237	234	233	233	272	270	269	269	269	292	267	280
Real 3/	92	91	90	90	89	87	87*	88*	87*	86*	86*	86*

1/ Federal Reserve Board index of trade-weighted exchange value of the U.S. dollar against 10 other major industrial country currencies, plus Switzerland. These currencies dominate the financing of U.S. total trade. 2/ Nominal values are percentage changes in currency units per dollar, weighted by proportion of agricultural exports from the United States. An increase indicates that the dollar has appreciated. 3/ The real index deflates the nominal series by consumer price changes of the countries involved, resulting in divergence between nominal and real indexes when high-inflation countries figure significantly. The nominal Federal Reserve index shows little divergence between nominal and real indexes because of similar inflation rates among the countries included. \*Preliminary.

Information contact: Edward Wilson (202) 786-1688.

Table 29.—Trade Balance

	Fiscal years*									Sept
	1979	1980	1981	1982	1983	1984	1985	1986	1987 P	1987
\$ million										
<b>Exports</b>										
Agricultural	31,978	40,485	43,780	39,095	34,769	38,027	31,201	26,307	27,874	2,334
Nonagricultural	135,839	169,846	185,423	176,310	159,373	170,014	179,236	176,631	199,947	17,882
Total 1/	167,818	210,327	229,203	215,405	194,142	208,041	210,437	202,938	227,821	20,216
<b>Imports</b>										
Agricultural	16,186	17,276	17,218	15,481	16,271	18,916	19,740	20,875	20,640	1,576
Nonagricultural	177,424	223,590	237,469	233,353	230,629	297,736	313,722	342,855	367,381	31,648
Total 2/	193,610	240,866	254,687	248,834	246,900	316,652	333,462	363,730	388,024	33,224
<b>Trade balance</b>										
Agricultural	15,793	23,209	26,562	23,614	18,498	19,111	11,461	5,432	7,234	758
Nonagricultural	-41,585	-53,744	-52,046	-57,043	-71,256	-127,722	-134,486	-166,224	-167,434	-13,766
Total	-25,792	-30,539	-25,484	-33,429	-52,758	-108,611	-123,025	-160,792	-160,203	-13,008

\*Fiscal years begin October 1 and end September 30. Fiscal year 1986 began Oct. 1, 1985 and ended Sept. 30, 1987. 1/ Domestic exports including Department of Defense shipments (F.A.S. value). 2/ Imports for consumption (customs value). P = Preliminary.

Information contact: Steve MacDonald (202) 786-1621.



Table 30.—U.S. Agricultural Exports & Imports

	Fiscal years*				Sept	Fiscal years*				Sept
	1984	1985	1986	1987 P	1987	1984	1985	1986	1987 P	1987
	Thousand units					\$ million				
Exports										
Animals, live (no) 1/	754	996	570	275	28	276	255	344	331	53
Meats & preps., excl. poultry (mt)	422	427	451	548	46	929	906	1,012	1,300	118
Dairy products (mt)	418	423	480	445	42	393	414	430	490	55
Poultry meats (mt)	225	234	265	376	36	280	257	282	406	38
Fats, oils, & greases (mt)	1,395	1,217	1,355	1,220	106	703	608	477	417	38
Hides & skins incl. furskins	--	--	--	--	--	1,318	1,325	1,440	1,666	118
Cattle hides, whole (no) 1/	24,283	25,456	25,596	24,337	1,789	1,010	1,019	1,131	1,254	99
Mink pelts (no) 1/	2,551	2,237	2,697	2,761	73	67	60	65	103	3
Grains & feeds (mt)	108,194	93,903	74,358	90,411	8,635	17,304	13,285	9,470	9,061	866
Wheat (mt)	41,699	28,523	25,500	28,233	3,264	6,497	4,264	3,260	2,881	339
Wheat flour (mt)	1,071	718	1,094	1,421	80	234	164	203	207	12
Rice (mt)	2,293	1,972	2,382	2,454	215	897	677	648	551	46
Feed grains, incl. products (mt)	55,546	55,362	36,261	47,658	4,127	8,217	6,884	3,817	3,749	323
Feeds & fodders (mt)	7,021	6,533	8,368	10,114	807	1,216	1,004	1,284	1,456	126
Other grain products (mt)	564	795	1,015	750	55	243	293	332	284	23
Fruits, nuts, and preps. (mt)	1,931	1,907	2,003	2,141	176	1,594	1,687	1,766	2,049	210
Fruit juices incl. froz. (hl) 1/	5,598	4,641	3,652	4,356	378	223	200	148	185	16
Vegetables & preps. (mt)	1,527	1,420	1,449	1,639	116	999	946	998	1,178	81
Tobacco, unmanufactured (mt)	227	257	224	224	10	1,433	1,588	1,318	1,204	51
Cotton, excl. linters (mt)	1,481	1,277	482	1,306	68	2,395	1,945	678	1,419	93
Seeds (mt)	252	289	269	315	18	326	352	366	370	23
Sugar, cane or beet (mt)	285	355	375	582	25	74	65	75	113	7
Oilseeds & products (mt)	26,861	23,803	27,582	29,709	1,945	8,602	6,195	6,271	6,304	453
Oilseeds (mt)	20,466	17,886	20,684	21,855	1,589	6,254	4,324	4,394	4,411	337
Soybeans (mt)	19,265	16,621	20,139	21,322	1,544	5,734	3,876	4,174	4,191	319
Protein meal (mt)	5,060	4,606	5,614	6,819	200	1,217	853	1,132	1,354	42
Vegetable oils (mt)	1,435	1,311	1,284	1,035	156	1,131	1,018	746	538	74
Essential oils (mt)	11	12	7	8	1	96	105	105	111	8
Other	465	443	568	564	21	1,082	1,069	1,127	1,270	106
Total	143,794	125,967	108,868	129,488	11,245	38,027	31,201	26,307	27,874	2,334
Imports										
Animals, live (no) 1/	1,907	2,120	1,885	1,994	58	596	569	637	610	17
Meats & preps., excl. poultry (mt)	905	1,123	1,139	1,282	113	1,931	2,214	2,248	2,797	256
Beef & veal (mt)	550	674	693	778	70	1,165	1,295	1,252	1,575	149
Pork (mt)	328	416	406	462	39	703	847	900	1,125	97
Dairy products (mt)	382	418	400	461	92	757	763	786	849	95
Poultry and products 1/	--	--	--	--	--	122	93	101	112	8
Fats, oils, & greases (mt)	18	21	22	21	1	13	18	17	18	1
Hides & skins, incl. furskins 1/	--	--	--	--	--	216	240	200	304	17
Wool, unmanufactured (mt)	59	43	53	59	3	193	145	160	197	12
Grains & feeds (mt)	1,805	2,070	2,311	2,336	189	534	604	668	727	67
Fruits, nuts, & preps.,										
excl. juices (mt)	4,036	4,483	4,637	4,835	316	1,634	1,891	1,976	2,178	137
Bananas & plantains (mt)	2,727	3,022	3,042	3,106	248	666	752	740	817	67
Fruit juices (hl) 1/	27,247	35,112	31,539	33,888	2,408	671	995	698	728	54
Vegetables & preps. (mt)	2,093	2,140	2,199	2,446	145	1,314	1,347	1,560	1,509	100
Tobacco, unmanufactured (mt)	190	191	208	224	14	563	556	606	634	37
Cotton, unmanufactured (mt)	32	31	41	38	2	17	17	14	7	--
Seeds (mt)	82	92	89	133	5	97	91	111	156	11
Nursery stock & cut flowers 1/	--	--	--	--	--	292	318	353	369	46
Sugar, cane or beet (mt)	2,829	2,338	1,905	1,492	127	1,144	912	654	497	41
Oilseeds & products (mt)	1,137	1,271	1,508	1,572	147	799	784	639	579	57
Oilseeds (mt)	223	253	197	165	22	95	98	69	56	5
Protein meal (mt)	118	159	138	245	23	21	17	15	30	3
Vegetable oils (mt)	797	859	1,173	1,162	102	683	670	555	493	49
Beverages excl. fruit juices (hl) 1/	14,120	15,434	15,488	15,549	1,227	1,547	1,622	1,848	1,923	153
Coffee, tea, cocoa, spices (mt)	1,776	1,868	1,940	1,915	154	4,777	4,993	6,099	4,867	335
Coffee, incl. products (mt)	1,128	1,128	1,223	1,207	109	3,300	3,244	4,400	3,232	223
Cocoa beans & products (mt)	451	539	507	503	30	1,058	1,285	1,189	1,088	65
Rubber & allied gums (mt)	809	799	801	824	61	854	680	615	714	58
Other	--	--	--	--	--	844	900	885	868	74
Total	--	--	--	--	--	18,916	19,740	20,875	20,643	1,576

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept. 30, 1987 -- not available. 1/ Not included in total volume. P = preliminary.

Information contact: Steve MacDonald (202) 786-1621.

Table 31.—U.S. Agricultural Exports by Region

Region & country	Fiscal years*				Sept	Change from year* earlier				Sept
	1984	1985	1986	1987 P	1987	1984	1985	1986	1987 P	1987
	\$ million					Percent				
Western Europe	9,265	7,183	6,846	7,204	547	-9	-22	-5	5	19
European Community (EC-12)	8,650	6,668	6,431	6,773	498	9	-23	-4	5	17
Belgium-Luxembourg	836	470	361	423	23	3	-44	-23	17	5
France	510	396	431	495	42	-1	-22	9	15	45
Germany, Fed. Rep.	1,260	900	1,001	1,266	112	-13	-29	11	26	107
Italy	771	677	693	733	33	-4	-12	2	6	-20
Netherlands	2,227	1,926	2,041	1,950	143	-21	-14	6	-4	5
United Kingdom	790	628	628	662	45	-4	-20	0	5	-10
Portugal	702	502	308	268	8	10	-28	-39	-13	-56
Spain, incl. Canary Islands	1,232	832	723	654	41	3	-32	-13	-10	-5
Other Western Europe	615	515	415	432	49	-10	-16	-19	4	32
Switzerland	311	232	128	145	9	-12	-26	-45	13	13
Eastern Europe	741	532	447	453	39	-10	-28	-16	1	86
German Dem. Rep.	132	81	52	66	7	7	-38	-36	27	75
Poland	197	126	42	63	1	-15	-36	-66	50	-67
Yugoslavia	180	137	134	131	21	-28	-24	-2	-2	91
Romania	155	88	112	115	5	35	-43	27	3	100
USSR	2,512	2,525	1,105	659	25	156	1	-56	-40	100
Asia	15,209	11,933	10,493	11,990	1,073	12	-22	-12	14	35
West Asia (Mideast)	1,865	1,452	1,243	1,664	147	26	-22	-14	34	50
Turkey	222	129	111	120	3	693	-42	-13	8	100
Iraq	423	371	335	519	40	31	-12	-10	55	100
Israel	351	300	255	244	12	20	-15	-15	-4	0
Saudi Arabia	497	381	335	489	59	11	-23	-12	46	16
South Asia	867	599	517	345	66	-26	-31	-14	-33	-3
Bangladesh	157	205	94	111	21	3	31	-54	18	50
India	376	129	90	93	17	-51	-66	-30	3	31
Pakistan	285	228	285	98	20	33	-20	25	-66	-38
China	692	239	83	235	36	27	-65	-65	183	1,700
Japan	6,935	5,663	5,139	5,553	448	18	-18	-9	8	21
Southeast Asia	1,218	842	724	707	72	1	-31	-14	-2	26
Indonesia	438	204	172	152	18	7	-53	-16	-12	20
Philippines	300	285	269	259	28	-21	-5	-6	-4	65
Other East Asia	3,631	3,138	2,788	3,485	303	10	-14	-11	25	57
Taiwan	1,409	1,342	1,108	1,354	104	14	-5	-17	22	58
Korea, Rep.	1,816	1,400	1,277	1,693	158	6	-23	-9	33	65
Hong Kong	407	396	400	436	41	18	-3	1	9	32
Africa	2,868	2,527	2,134	1,784	144	26	-12	-16	-16	-15
North Africa	1,542	1,207	1,401	1,279	75	6	-22	16	-9	-18
Morocco	341	156	159	196	36	52	-54	2	23	29
Algeria	162	220	328	244	15	-20	36	50	-26	-29
Egypt	882	766	875	762	22	-3	-13	14	-13	-33
Sub-Sahara	1,327	1,320	733	505	69	62	-1	-44	-31	-12
Nigeria	345	367	158	67	2	4	6	-57	-58	-90
Rep. S. Africa	525	189	70	49	7	304	-64	-63	-30	0
Latin America & Caribbean	5,279	4,570	3,598	3,767	326	9	-13	-21	5	9
Brazil	438	557	445	418	17	10	27	-20	-6	-71
Caribbean Islands	827	771	752	829	67	7	-7	-2	10	14
Central America	396	361	334	377	40	11	-9	-7	13	-5
Colombia	220	238	137	115	18	-14	8	-42	-16	64
Mexico	1,966	1,566	1,114	1,216	116	11	-20	-29	9	61
Peru	227	106	108	140	17	-12	-53	2	30	-6
Venezuela	778	721	493	459	32	26	-7	-32	-7	78
Canada	1,936	1,727	1,466	1,787	164	4	-11	-15	22	10
Oceania	216	204	216	230	15	-4	-6	6	6	-40
Total	38,027	31,201	26,307	27,874	2,334	9	-18	-16	6	22
Developed Countries	19,180	15,225	13,952	15,027	1,189	4	-21	-8	8	16
Less Developed Countries	14,902	12,680	10,719	11,500	1,044	7	-15	-15	7	20
Centrally Planned Countries	3,945	3,296	1,636	1,347	101	67	-16	-50	-18	339

\*Fiscal years begin October 1 and end September 30. Fiscal year 1987 began Oct. 1, 1986 and ended Sept. 30, 1987. P = preliminary.

Note: Adjusted for transshipments through Canada.

Information contact: Steve MacDonald (202) 786-1621.



Farm Income

Table 32.—Farm Income Statistics

	Calendar years										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 F	1988 F
	\$ billion										
1. Farm receipts	114.3	133.8	142.0	144.1	147.1	141.1	146.7	149.2	140.2	137	137 to 139
Crops (incl. net CCC loans)	53.2	62.3	71.7	72.5	72.3	67.1	69.4	74.4	63.6	58	61 to 63
Livestock	59.2	69.2	68.0	69.2	70.3	69.4	72.9	69.8	71.6	74	70 to 72
Farm related 1/	1.9	2.2	2.3	2.5	4.5	4.5	4.4	5.0	5.1	5	4 to 6
2. Direct Government Payments	3.0	1.4	1.3	1.9	3.5	9.3	8.4	7.7	11.8	17	14 to 16
Cash Payments	3.0	1.4	1.3	1.9	3.5	4.1	4.0	7.6	8.1	9	6 to 8
Value of PIR commodities	0.0	0.0	0.0	0.0	0.0	5.2	4.5	0.1	3.7	9	7 to 9
3. Total gross farm income (4+5+6) 2/	128.4	150.7	149.3	166.3	163.5	153.1	174.7	166.0	159.5	163	161 to 163
4. Gross cash income (1+2)	117.3	135.1	143.3	146.0	150.6	150.4	155.1	156.9	152.0	155	152 to 154
5. Nonmoney income 3/	9.3	10.6	12.3	13.8	14.3	13.5	13.4	11.8	10.8	10	7 to 9
6. Value of inventory change	1.9	5.0	-6.3	6.5	-1.4	-10.9	6.2	-2.7	-3.3	-1	0 to 2
7. Cash expenses 4/	84.2	101.7	109.1	113.2	112.5	113.3	116.3	109.6	100.1	97	98 to 100
8. Total expenses	103.2	123.3	133.1	139.4	140.0	140.4	142.7	133.7	122.1	118	117 to 119
9. Net cash income (4-7)	33.1	33.4	34.2	32.8	38.1	37.1	38.8	47.3	52.0	58	50 to 55
10. Net farm income (3-8)	25.2	27.4	16.1	26.9	23.5	12.7	32.0	32.3	37.5	45	40 to 45
Deflated (1982\$)	34.9	34.9	18.8	28.6	23.5	12.2	29.7	29.1	32.9	39	34 to 38
11. Off-farm income	29.7	33.8	34.7	35.8	36.4	37.0	38.3	42.5	44.7	48	48 to 50
12. Loan changes 5/:											
Real estate	7.6	13.0	9.3	9.4	4.0	2.5	-0.8	-5.6	-7.3	-6	-4 to -8
Nonreal estate	8.3	10.9	5.9	6.2	3.4	1.0	-0.8	-9.2	-10.5	-9	-3 to -7
14. Rental income plus monetary change	4.1	6.3	6.1	6.4	6.3	5.3	8.9	8.8	7.8	7	7 to 9
15. Capital expenditures 5/	17.9	19.9	18.0	16.8	13.3	12.7	12.5	9.6	8.6	7	7 to 9
16. Net cash flow (9+12+14-15)	35.1	43.7	37.5	37.9	38.4	33.6	33.6	31.6	33.4	44	40 to 45

F = forecast. 1/ Income from machine hire, custom work, sales of forest products, and other misc. cash sources. 2/ Numbers in parentheses indicate the combination of items required to calculate a given item. 3/ Value of home consumption of self-produced food and imputed gross rental value of farm dwellings. 4/ Excludes capital consumption, perquisites to hired labor, and farm household expenses. 5/ Excludes farm households. Totals may not add due to rounding.

Information contact: Richard Kadi (202) 786-1808.

Table 33.—Balance Sheet of the U.S. Farming Sector

	Calendar years 1/										
	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 P	1987 F
	\$ billion										
Assets											
Real estate	509.1	601.9	706.2	782.9	784.7	748.8	739.6	639.6	558.9	510.1	525 to 535
Non-real estate	142.5	175.3	201.6	213.2	212.0	212.2	205.4	208.9	191.2	181.5	172 to 187
Livestock & poultry	31.9	51.3	61.4	60.6	53.5	53.0	49.7	49.6	46.3	47.6	47 to 50
Machinery & motor vehicles	69.6	75.5	85.8	93.1	101.4	102.0	100.8	86.9	87.7	80.4	74 to 78
Crops stored 2/	20.6	25.3	29.2	33.0	29.1	27.7	23.7	29.6	23.1	18.4	17 to 21
Financial assets	20.4	23.1	25.3	26.5	28.0	29.5	31.3	32.8	34.2	35.0	34 to 38
Total farm assets	651.6	777.2	907.8	996.1	996.7	961.0	945.0	848.5	750.1	691.6	697 to 722
Liabilities											
Real estate 3/	58.4	66.7	79.7	89.6	98.7	102.5	104.8	103.7	97.7	88.1	81 to 85
Non-real estate 4/	52.4	60.7	71.8	77.1	83.6	87.0	87.9	87.1	77.5	66.8	56 to 60
Total farm liabilities	110.9	127.4	151.6	166.8	182.3	189.5	192.7	190.8	175.2	155.0	137 to 145
Total farm equity	540.7	649.7	756.2	829.3	814.4	771.5	752.3	657.7	574.9	536.6	560 to 577
	Percent										
Selected ratios											
Debt-to-assets	17.0	16.4	16.7	16.7	18.3	19.7	20.4	22.5	23.4	22.4	19 to 21
Debt-to-equity	20.5	19.6	20.0	20.1	22.4	24.6	25.6	29.0	30.5	28.9	24 to 26
Debt-to-net cash income	387	385	454	488	556	497	519	482	370	298	235 to 255

1/ As of December 31. 2/ Non-CCC crops held on farms plus value above loan rates for crops held under CCC. 3/ Excludes debt on operator dwellings, but includes CCC storage and drying facilities loans. 4/ Excludes debt for nonfarm purposes. P = preliminary. F = forecast.

Information contact: Ken Erickson or Jim Ryan (202) 786-1798.

Table 34.—Cash Receipts from Farm Marketings, by State

Region State	Livestock & Products				Crops 1/				Total 1/			
	1985	1986	Aug 1987	Sept 1987	1985	1986	Aug 1987	Sept 1987	1985	1986	Aug 1987	Sept 1987
	\$ million 2/											
<b>North Atlantic</b>												
Maine	229	223	19	19	137	143	11	17	366	365	30	36
New Hampshire	70	72	6	5	36	38	3	5	106	109	9	11
Vermont	354	361	31	30	34	36	1	4	387	398	32	33
Massachusetts	128	131	11	11	262	292	23	46	389	423	34	56
Rhode Island	14	12	1	1	62	63	2	19	76	75	3	20
Connecticut	205	210	16	16	150	162	11	18	354	372	27	34
New York	1,847	1,809	142	148	730	724	86	107	2,578	2,533	228	255
New Jersey	144	150	12	12	443	430	56	43	587	580	69	55
Pennsylvania	2,184	2,239	180	182	1,003	926	67	82	3,187	3,165	247	264
<b>North Central</b>												
Ohio	1,515	1,566	139	163	2,602	2,043	70	225	4,117	3,610	209	387
Indiana	1,728	1,852	161	161	3,063	2,258	39	209	4,791	4,110	200	371
Illinois	2,055	2,143	192	192	5,915	4,737	83	361	7,970	6,880	276	554
Michigan	1,231	1,236	102	100	1,692	1,429	70	114	2,923	2,664	172	214
Wisconsin	4,095	4,164	353	350	1,019	892	86	108	5,075	5,057	439	458
Minnesota	3,370	3,395	306	300	3,223	2,680	168	171	6,594	6,074	474	471
Iowa	4,883	4,982	456	481	4,582	4,124	-61	301	9,465	9,106	403	782
Missouri	1,924	1,930	172	197	1,763	1,586	52	119	3,688	3,516	224	317
North Dakota	687	676	47	61	2,001	1,623	150	130	2,688	2,299	198	191
South Dakota	1,900	1,525	111	132	1,157	938	56	43	3,057	2,463	167	176
Nebraska	4,113	4,260	449	379	3,227	2,669	33	105	7,341	6,928	482	484
Kansas	3,336	3,447	312	298	2,552	1,978	201	161	5,888	5,425	513	459
<b>Southern</b>												
Delaware	353	402	29	29	139	118	11	12	492	520	40	41
Maryland	764	814	58	60	456	371	21	36	1,220	1,186	79	96
Virginia	1,062	1,127	92	109	623	486	20	36	1,684	1,613	113	145
West Virginia	191	156	13	15	56	71	8	12	247	227	21	27
North Carolina	1,958	2,174	164	181	1,871	1,608	49	130	3,929	3,782	213	311
South Carolina	415	455	37	41	621	440	19	28	1,036	894	56	69
Georgia	1,727	1,882	151	152	1,550	1,324	41	124	3,277	3,206	193	275
Florida	1,022	1,000	91	92	3,681	3,688	134	124	4,704	4,688	225	216
Kentucky	1,352	1,311	98	153	1,583	1,079	9	40	2,934	2,389	107	193
Tennessee	1,000	1,033	103	105	1,091	891	24	57	2,091	1,924	127	162
Alabama	1,301	1,431	131	135	773	578	18	47	2,074	2,009	151	181
Mississippi	1,011	1,044	87	98	1,240	741	3	54	2,250	1,785	90	152
Arkansas	1,825	2,017	166	172	1,607	1,005	-42	103	3,433	3,022	123	275
Louisiana	491	503	56	57	893	869	16	62	1,485	1,372	71	120
Oklahoma	1,726	1,875	217	219	957	746	93	40	2,683	2,622	310	259
Texas	5,441	5,516	569	546	3,841	2,928	267	296	9,282	8,444	836	842
<b>Western</b>												
Montana	804	720	22	62	422	493	93	109	1,226	1,213	115	170
Idaho	874	884	82	74	1,219	1,042	132	155	2,093	1,925	214	229
Wyoming	478	455	22	66	123	111	18	7	600	566	41	73
Colorado	2,084	2,218	169	229	1,097	890	71	72	3,181	3,109	240	300
New Mexico	718	708	49	62	368	302	34	24	1,086	1,010	83	86
Arizona	693	699	59	49	813	796	21	49	1,506	1,495	80	98
Utah	413	437	40	37	142	134	11	14	555	570	51	51
Nevada	144	160	16	12	81	72	4	5	225	232	20	17
Washington	926	981	89	83	1,908	1,812	193	230	2,834	2,793	281	312
Oregon	622	649	73	59	1,115	1,135	123	170	1,737	1,784	195	229
California	4,324	4,446	413	391	9,826	9,602	661	939	14,150	14,049	1,074	1,330
Alaska	8	10	1	1	18	19	2	2	26	29	3	3
Hawaii	83	84	7	7	443	491	42	41	526	575	49	48
<b>United States</b>	<b>69,780</b>	<b>71,573</b>	<b>6,334</b>	<b>6,533</b>	<b>74,413</b>	<b>63,612</b>	<b>3,305</b>	<b>5,406</b>	<b>144,193</b>	<b>135,185</b>	<b>9,638</b>	<b>11,939</b>

1/ Sales of farm products include receipts from commodities placed under CCC loans minus value of redemptions during the period.

2/ Estimates as of the end of current month. Rounded data may not add.

Information contact: Roger Strickland (202) 786-1804



Table 35.—Cash Receipts from Farming

	Annual						1986		1987			
	1981	1982	1983	1984	1985	1986	Sept	May	June	July	Aug	Sept
	\$ million											
Farm marketings and CCC loans *	141,616	142,594	136,580	142,314	144,193	135,185	11,148	9,033	9,425	10,132	9,638	11,939
Livestock and products	69,151	70,257	69,437	72,936	69,780	71,573	6,287	6,311	5,915	6,182	6,334	6,533
Meat animals	39,748	40,917	38,893	40,832	38,589	39,137	3,513	3,747	3,442	3,499	3,824	4,000
Dairy products	18,085	18,234	18,763	17,944	18,063	17,824	1,423	1,546	1,457	1,455	1,468	1,423
Poultry and eggs	9,949	9,520	9,978	12,192	11,191	12,678	1,174	878	877	908	908	934
Other	1,358	1,586	1,801	1,968	1,937	1,934	177	138	140	321	134	177
Crops	72,465	72,338	67,143	69,378	74,413	63,612	4,861	2,722	3,509	3,950	3,308	5,406
Food grains	11,619	11,412	9,713	9,576	9,080	5,948	774	82	660	854	807	628
Feed crops	17,770	17,408	15,535	15,831	22,479	17,849	766	-93	172	437	337	811
Cotton (lint and seed)	4,055	4,457	3,705	3,270	3,730	2,820	-28	24	172	166	63	305
Tobacco	3,250	3,342	2,768	2,841	2,722	1,918	412	0	0	0	29	55
Oil-bearing crops	13,853	13,817	13,546	13,894	12,595	10,507	586	321	411	441	186	1,113
Vegetables and melons	8,772	8,063	8,462	9,142	8,958	8,705	885	1,142	916	661	808	909
Fruits and tree nuts	6,603	6,846	6,064	6,768	6,836	6,900	710	509	691	875	579	824
Other	6,543	6,893	7,352	8,057	8,413	8,865	757	739	487	517	493	761
Government payments	1,932	3,492	9,295	8,430	7,704	11,813	1,275	608	35	281	385	207
Total	143,548	146,086	145,875	150,744	151,897	146,998	12,423	9,641	9,460	10,413	10,023	12,146

\* Receipts from loans represent value of commodities placed under CCC loans minus value of redemptions during the month.

Information contact: Roger Strickland (202) 786-1804

Table 36.—Farm Production Expenses

	Calendar years									
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987 F
	\$ million 2/									
Feed	16,036	19,314	20,971	20,855	18,592	21,725	19,852	18,015	16,179	14,000 to 16,000
Livestock	10,150	13,012	10,670	8,989	9,684	8,814	9,498	8,996	9,609	11,000 to 13,000
Seed	2,638	2,904	3,220	3,428	3,172	2,993	3,448	3,350	2,984	2,000 to 3,000
Farm-origin inputs	28,824	35,230	34,861	33,282	31,448	33,532	32,798	30,361	28,772	28,000 to 31,000
Fertilizer	6,620	7,369	9,491	9,408	8,018	7,067	7,429	7,259	5,787	4,000 to 5,000
Fuels and oils	4,609	5,635	7,879	8,570	7,888	7,503	7,143	6,584	4,790	4,000 to 5,000
Electricity	1,389	1,447	1,526	1,747	2,041	2,146	2,166	2,150	2,121	2,000 to 3,000
Pesticides	2,656	3,436	3,539	4,201	4,282	4,154	4,767	4,817	4,331	3,300 to 4,300
Manufactured inputs	15,274	17,887	22,435	23,927	22,229	20,870	21,505	20,810	17,029	14,000 to 16,000
Short-term interest	5,167	6,868	8,717	10,722	11,348	10,615	10,396	8,821	7,795	6,400 to 7,400
Real estate interest	5,060	6,190	7,544	9,142	10,481	10,815	10,733	9,878	9,131	8,000 to 9,000
Total interest charges	10,227	13,058	16,261	19,864	21,830	21,430	21,129	18,699	16,926	14,000 to 16,000
Repair and maintenance 3/	6,638	7,280	7,648	7,587	6,428	6,529	6,416	6,370	6,426	6,200 to 7,200
Hired labor	8,279	8,981	9,293	8,931	10,075	9,726	9,729	9,792	9,875	10,000 to 11,000
Machine hire and custom work	1,776	2,063	1,823	1,984	2,025	1,896	2,170	2,184	1,791	1,300 to 2,300
Dairy deduction	0	0	0	0	0	650	657	163	431	200 to 400
Marketing, storage, and transportation	2,508	3,162	3,070	3,523	4,301	3,904	4,012	4,127	3,652	3,000 to 4,000
Misc. operating expenses 4/	5,194	6,246	6,308	6,343	7,262	8,439	8,450	7,942	7,344	5,000 to 7,000
Other operating expenses	24,395	27,732	28,142	28,368	30,889	31,143	31,433	30,579	29,519	28,000 to 31,000
Capital consumption	16,963	19,345	21,474	23,573	24,287	23,873	23,105	20,891	18,997	17,000 to 18,000
Taxes	3,603	3,871	3,891	4,246	4,036	4,469	4,059	4,231	4,125	4,000 to 5,000
Net rent to non-operator landlord	3,963	6,182	6,075	6,184	6,059	5,060	8,640	8,124	6,684	6,000 to 7,000
Other overhead expenses	24,529	29,398	31,440	34,003	34,381	33,402	35,805	33,247	29,806	26,000 to 28,000
Total production expenses	103,249	123,305	133,139	139,444	139,978	140,375	142,669	133,696	122,052	116,000 to 118,000

1/ Includes operator household. 2/ Totals may not add due to rounding. 3/ Beginning in 1982 repairs and maintenance excludes motor vehicle registration fees and insurance. 4/ Beginning in 1982, misc. operating expenses includes other livestock purchases and motor vehicle registration fees and insurance. F = forecast range.

Information contact: Richard Kodl (202) 786-1808; Craig Jagger (202) 786-1804.

Table 37.—CCC Net Outlays by Commodity & Function<sup>1</sup>

Commodity	Fiscal years										
	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987E	1988E
	\$ million										
Feed grains	2,288	1,144	1,286	-533	5,397	6,815	-758	5,211	12,211	13,388	8,272
Wheat	844	308	879	1,543	2,238	3,419	2,536	4,691	3,440	2,787	2,042
Rice	-66	49	-76	24	164	664	333	990	947	1,020	753
Upland cotton	224	141	64	336	1,190	1,363	244	1,553	2,142	1,619	89
Tobacco	98	157	-88	-51	103	880	346	455	253	-326	-217
Dairy	240	24	1,011	1,894	2,182	2,528	1,502	2,085	2,337	1,238	993
Soybeans	31	4	116	87	169	288	-585	711	1,597	-446	47
Peanuts	-39	27	28	28	12	-6	1	12	32	7	1/
Sugar	395	313	-405	-121	-5	49	10	184	214	-350	--
Honey	3	-2	9	8	27	48	90	81	89	82	66
Wool	33	39	35	42	54	84	132	109	123	149	126
Other	1,608	1,407	-107	780	122	2,710	3,463	1,601	2,455	3,959	4,056
Total	5,656	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	23,127	16,227
Function											
Price support loans	1,377	2	-66	174	7,015	8,438	-27	6,272	13,628	11,549	5,618
Direct payments	2,268	1,811	418	1,030	1,491	3,600	2,117	7,827	6,746	6,109	3,876
Purchases	100	10	1,681	1,602	2,031	2,540	1,470	1,331	1,670	-479	276
Producer storage payments	216	247	254	32	679	964	268	329	485	578	610
Processing, storage, & transportation	89	128	259	323	355	665	639	657	1,013	1,539	1,634
Operating expense	101	97	157	159	294	328	362	346	457	537	530
Interest expenditure	-106	238	518	220	-13	3,525	1,064	1,435	1,411	1,134	1,055
Export programs	948	417	-669	-940	65	398	743	134	102	459	615
Other	662	662	200	1,436	-265	-1,607	679	-648	329	1,701	2,013
Total	5,656	3,612	2,752	4,036	11,652	18,851	7,315	17,683	25,841	23,127	16,227

E = Estimated in the FY 1988 Mid-Season Review. Minus (-) indicates a net receipt (excess of repayments or other receipts over gross outlays of funds) 1/ = less than 500,000.

Information contact: Richard Pazdalski (202) 447-5148

## Transportation

Table 38.—Rail Rates; Grain &amp; Fruit/Vegetable Shipments

	Annual			1986	1987					
	1984	1985	1986 P	Oct	May	June	July	Aug	Sept	Oct
Rail freight rate index 1/ (Dec 1984=100)										
All Products	99.3	100.0	100.7	100.4	100.0	100.2	100.1 P	100.2 P	100.2 P	100.2 P
Farm Products	98.7	99.0	99.6	99.1	99.2	99.3	99.3 P	99.3 P	99.3 P	99.3 P
Grain	98.6	98.3	98.9	98.5	98.5	98.6	98.6 P	98.6 P	98.6 P	98.6 P
Food Products	99.1	100.1	99.9	99.2	98.8	98.8	98.8 P	98.7 P	98.7 P	98.7 P
Grain										
Rail carloadings (thou cars) 2/	27.2	22.8	24.4	33.6	25.7 P	32.7 P	31.7 P	30.5 P	32.8 P	32.9 P
Fresh fruit & vegetable shipments										
Piggy back (thou cwt) 3/ 4/	570	602	628	531	864 P	833 P	792 P	491 P	530 P	427 P
Rail (thou cwt) 3/ 4/	640	532	562	560	810 P	917 P	469 P	240 P	612 P	631 P
Truck (thou cwt) 3/ 4/	8,006	8,298	9,020	8,227	10,197 P	11,270 P	10,217 P	8,672 P	8,341 P	8,497 P
Cost of operating trucks hauling produce 5/										
Owner operator (cts/mile)	115.5	116.1	113.1	111.8	115.5	115.4	116.8	116.9	117.1	117.9
Fleet operation (cts/mile)	115.3	116.7	113.6	112.4	115.8	116.0	116.8	117.2	117.0	117.8

1/ Department of Labor, Bureau of Labor Statistics, revised March 1985. 2/ Weekly average; from Association of American Railroads. 3/ Weekly average; from Agricultural Marketing Service, USDA. 4/ Preliminary data for 1986 and 1987. 5/ Office of Transportation, USDA. P = preliminary.

Information contact: T.Q. Hutchinson (202) 786-1840.



Indicators of Farm Productivity

Table 39.—Indexes of Farm Production Input Use & Productivity

	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986 2/
1977=100										
Farm output	100	104	111	104	118	116	96	112	119	113.
All livestock products 3/	100	101	104	108	109	107	109	107	110	111
Meat animals	100	100	103	107	106	101	104	101	101	101
Dairy products	100	99	101	105	108	110	114	110	117	118
Poultry & eggs	100	106	114	115	119	119	120	123	128	133
All crops 4/	100	102	113	101	117	117	88	111	117	108
Feed grains	100	108	116	97	121	122	67	116	134	123
Hay & forage	100	106	108	98	106	109	100	107	106	106
Food grains	100	93	108	121	144	138	117	129	121	106
Sugar crops	100	101	94	97	107	96	93	95	97	106
Cotton	100	76	102	79	109	85	55	91	93	68
Tobacco	100	106	80	93	108	104	75	90	79	63
Oil crops	100	105	129	99	114	121	91	106	117	110
Cropland used for crops	100	97	100	101	102	101	88	99	98	94
Crop production per acre	100	105	113	100	115	116	100	112	118	115
Farm input 5/	100	102	105	103	102	99	97	95	92	87
Farm real estate	100	100	103	103	103	103	101	97	95	93
Mechanical power & machinery	100	104	104	101	98	92	89	85	81	76
Agricultural chemicals	100	107	123	123	129	118	105	121	121	109
Feed, seed & livestock purchases	100	108	115	114	108	107	109	105	105	102
Farm output per unit of input	100	101	105	101	116	117	98	118	129	130
Output per hour of labor 6/										
Farm	100	97	106	109	132	140	106	123	135	NA
Nonfarm	100	101	99	99	100	99	103	104	104	NA

1/ For historical data and indexes, see Economic Indicators of the Farm Sector: Production and Efficiency Statistics, 1985, ECIFS 5-5. 2/ Preliminary indexes for 1986 based on January 1987 Crop Production: 1986 Summary report and other releases of the Agricultural Statistics Board, NASS. 3/ Gross livestock production includes minor livestock products not included in the separate groups shown. It cannot be added to gross crop production to compute farm output. 4/ Gross crop production includes some miscellaneous crops not in the separate groups shown. It cannot be added to gross livestock production to compute farm output. 5/ Includes other items not included in the separate groups shown. 6/ Bureau of Labor Statistics. NA = not available.

Information contact: Roger Conway (202) 786-1462.

Food Supply and Use

Table 40.—Per Capita Food Consumption Indexes (1967 = 100)

(See the Dec. 1986 issue.)

Information contact: Harry Harp (202) 786-1870.

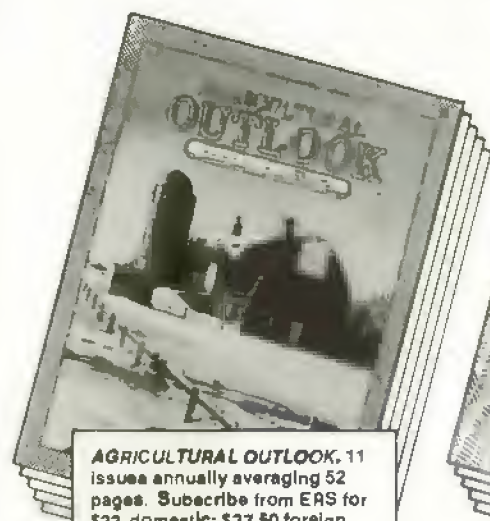
Table 41.—Per Capita Consumption of Major Food Commodities (Retail Weight)

(See the Dec. 1986 issue.)

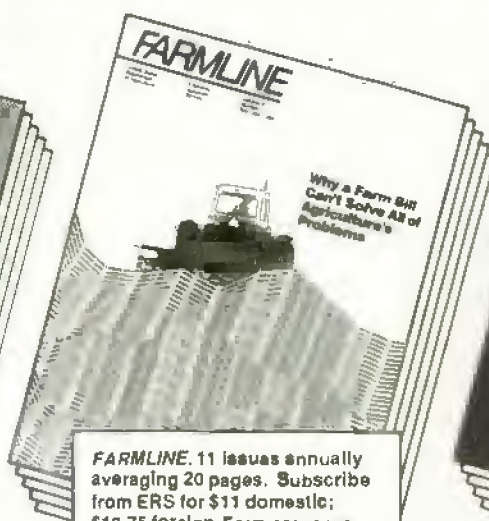
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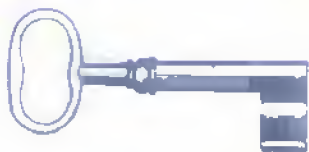
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